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Mexico.

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The Foreign Debt of Mexico

By

W. Parish Robertson

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THE

FOREIGN DEBT OF MEXICO;

BEING

THE REPORT OF A SPECIAL MISSION TO THAT STATE,

UNDERTAKEN ON BEHALF

OF

THE BONDHOLDERS.

BY

W. PARISH ROBERTSON.

LONDON:
SMITH, ELDER, & Co., CORNHILL.
1850.

LONDON: PRINTED BY W. CLOWES AND SONS, STAMFORD STREET.

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TO THE BONDHOLDERS OF MEXICO.

GENTLEMEN,

IN presenting, for your consideration, the following Report of my mission to Mexico, undertaken by your desire and on your behalf, I trust you will come to the conclusion that, whatever may be the result of my labours, they have been carried through with a zealous desire to show that I was not unworthy of the confidence you reposed in me.

It is matter of the sincerest regret to me that such serious misunderstandings have sprung up in regard to the management of your affairs since my return to England. I do assure you they have not been of my seeking; and I wholly deprecate the angry tone of feeling which, in some instances, has been displayed. While I pursued the course which appeared to me to be the safest and most straightforward for myself, I desired to offend no man, and much surprised I am that so *much* offence, as I understand, has been taken in some quarters.

It has been supposed that I invidiously assisted in depressing the influence of the Spanish American Committee. I did no such thing. Till within half an hour of the Meeting held for the purpose of electing a Mexican Committee, I had not spoken a word on the subject to any one of the parties who made the movement. I only

concealed from no one, from the first, that I thought you ought to have a Committee of your own.

That Committee is about to place your affairs once more in your own hands; and I confess I shall retire from my official and harassing position with unfeigned pleasure. I shall at all times be happy to be of service to your cause; and all the better pleased to believe that I can henceforward be so, without coming into antagonism with any one.

I have been called on by circumstances to finish my Report hurriedly, and must claim your indulgence for any omissions you may find in it.

I am,

GENTLEMEN,

Your most obedient Servant,

W. PARISH ROBERTSON.

LONDON, *9th April*, 1850.

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THE FOREIGN DEBT

OF

MEXICO.

The question of the public debt of Mexico due to the British bondholders is one of great importance, as affecting more or less the interests of a vast number of British subjects. It may be broadly stated thus: That while the actual debt of Mexico to her foreign bondholders amounts, with arrears of over-due dividends, to not much short of twelve millions of pounds, it scarcely represents, at this time, an effective value of three millions, thus leaving an apparent loss to the present bondholders, should they wish to realize their property, of nine millions sterling.

Considering how rich Mexico is in her material resources, so startling a result in her monetary position, *vis-à-vis* with England, demands every investigation on the part of her foreign creditors; and it is, accordingly, with no small pleasure that I now propose to enter on a detailed account of my mission to Mexico, as Commissioner of the bondholders, with the results which I have been able to obtain. But, in laying my statement before the public, I must at once bespeak the indulgence of my constituents. The complicated and uncomfortable position in which I now stand, makes it absolutely necessary for me to trace, somewhat minutely, the whole course of events connected with my mission, and the interests of the bondholders, from the autumn of 1848 to the present time; for although I shall have to claim a patient hearing from the Mexican bondholders, to whom alone indeed the more minute details of this report can be of much moment or interest, I think they will be glad to obtain that insight into the state of their affairs which cannot fail to follow from a fair examination of the whole case.

promise to be brief, because, the business properly, much of the correspondence which has taken place must be embodied in my report; but I shall keep as closely as I can to facts and necessary explanations, abstaining in their course, from mere declamation or exaggerated expression of feeling. At the same time the question of my mission is connected so intimately with my personal reputation, that I must be pardoned if, much against my will, I find myself called on to vindicate my proceedings from the time I accepted the nomination of commissioner up to the present day.

Having clearly perceived, as soon as I heard of the treaty of peace between Mexico and the United States, how much entitled to a large share of the indemnification money the bondholders were, and yet how hopeless their participation in that grant would prove to be were we simply to demand it from London through our usual channels; and feeling, at the same time, that some new arrangement ought to be entered into for the future payment of the Mexican dividends, I proposed to my colleagues that I should go to the city of Mexico, as a special commissioner, to represent the interests of the bondholders of that republic, and act for them to the best of my abilities. The committee, agreeing in my views, thought I might go out as delegated from their own body; but to this I objected, and required that a public meeting of the bondholders should be called to sanction or not, as they chose, my mission.

When that meeting was accordingly held, I stated that I should feel disinclined to go to Mexico unless it were the unanimous wish of the bondholders that I should undertake the mission; and, without any dissentient voice, the committee was authorized to take the neces

sary steps for my proceeding to Mexico, accordingly, as special commissioner of the bondholders.

The general meeting took place on the 6th of September, 1848, and on the 11th the committee gave effect to the declared sense of the body by passing a resolution to intimate the nomination to me; in consequence of which I at once made my arrangements for undertaking my voyage without delay.

My first point was to communicate with H. M.'s principal Secretary for Foreign Affairs, who, I unfortunately found, was absent from town. I conceived that an interview with his Lordship, previously to my leaving England, was indispensable; and as he was absent from Downing-street till early in November, I could not till then carry out my prelimenary steps. I had at length, however, the honour of an interview at the Foreign Office, and the nature of what passed will best be drawn from the following letter which I addressed to Lord Palmerston on the 13th of November :—

Equatorian Consulate General,
13th November, 1848.

My Lord,

Indisposition has prevented me till to-day from availing myself of your lordship's permission to state the views I entertain in regard to my mission to Mexico as the special delegate of the British bondholders of that state, and to point out the mode in which I believe it might be most beneficially worked out with your lordship's support.

I have first to bespeak the indulgence of your lordship while I advert for a moment to my position personally in this business. A general belief prevails, and in many instances a sanguine hope is expressed, that my mission will be attended with considerable success, much reliance being naturally placed on the undeniable justice of the claims of the bondholders, and a good deal expected from the experience I have obtained in Spanish American public business, acquired during a long residence among the new republics, and by dint of large monetary transactions with them.

This confidence in the result makes me naturally feel the deep responsibility which rests upon me, and renders me most desirous of securing every element of success that I can consider as legitimately within my reach.

The business in que[illegible]nt, I think, be considered, fro[illegible]ld magnitude, as more national than private, as more affecting classes and masses than individuals. The amount at stake is upwards of eleven millions sterling, and the parties interested form, of course, a very numerous body of British subjects. Thousands of families, it may be safely affirmed, are interested in the payment of Mexican dividends; and, in a multitude of cases, their daily wants are affected by the greater or less punctuality of the Mexican government.

But the solution of this mission, my lord, is not confined to Mexico itself; it has a large and most important bearing on the whole question of foreign loans, in which a great mass of British property is locked up, and in most cases standing in no small jeopardy. The amount has been publicly stated by your Lordship at 150,000,000 of pounds sterling. This great aggregate sum will undoubtedly be benefited by my success with Mexico; while all other loans will no less certainly suffer deterioration by a failure of my endeavours to obtain justice for the Mexican bondholders.

Before I proceed further, perhaps your Lordship will permit me to say that the nature of my present communication is confidential; that is, it forms the commencement of my undertaking as special commissioner of the Mexican bondholders, and is not intended in any way to be now made public. The powers of the bondholders having been duly and officially delegated to me, I act entirely on my own responsibility and discretion, and am not called on to communicate, at this stage of the business, that which, being disclosed, might injuriously affect the course of my negotiations.

Under this view, it is my duty to state to your Lordship that I consider the greater or less success of my mission will entirely depend on the amount of support which H. M.'s Government may deem right to extend to it.

Permit me to assure your Lordship that the more direct and efficient that support shall be, the greater satisfaction it will give to the general commercial and monetary interests of this country. The most powerful representatives of these interests, however separated by political creeds and opinions, blend into one on this all-important question; and I know of no policy which could be adopted by H. M.'s Government that would meet with such universal support as that of a vigorous interference on behalf of the British creditors of foreign states. On

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this point I speak confidently, from a very intimate knowledge of public opinion in the city of London and other places.

It is an undeniable fact, that with one honourable exception, none of the Spanish American States have understood or acted on the principle that the maintenance of public credit is the indispensable basis of public prosperity. They have ever acted on the reverse of that principle; and for the influence of such views, with the action consequent upon them, I must be prepared in Mexico. A difficult task indeed it is to get any of these governments to raise taxes at home, in order to keep faith with their creditors abroad, however plain and palpable their duty to do so may be.

It is said, my lord, that, if British subjects will imprudently trust their capital into the hands of foreign governments, the former must abide by the consequences, and must not expect such an interference in their favour on the part of their own government as might lead, in carrying it out, to serious inconveniences in an international point of view. But apparently the true principle to be laid down is that, while as a matter of *right* the British Government must hold itself to be entitled at all times to interfere for the purpose of procuring redress for British subjects when wronged by foreign powers, yet that the *modus operandi*—the time, extent, and manner in which the interference is to be undertaken—the executive government must itself determine. Under this view each act of wrong would come to be examined on its own merits; while one particular question, in its adjustment, might happily serve as a precedent for the arrangement of analogous cases.

The British creditors of Mexico trusted that state because in assisting it to consolidate its independence, there was not only a full reliance on the good faith of its government, but because it was clear and demonstrable that the country possessed the most ample and superabundant resources for the fulfilment of its legal and national engagements.

That these resources still exist to their fullest extent is too notorious to require any proof or detail to be adduced here. Tested, indeed, by its relative riches with other countries, perhaps no other, in proportion, has so moderate a public debt to provide for as Mexico.

And yet, my Lord, the history of the debt of Mexico to her British bondholders is one of constant sacrifice on the part of the latter without attaining any substantially better position in return. The sacrifices have been made; but the object for which they have been submitted to, has always been lost sight of by the Mexican Government. If the bondholders were imprudent in the first instance, in lending their money to so rich a country as Mexico, they have paid ample forfeit for their *laches;* and H. M.'s Government will find that now, at all events, it has nothing but the clearest principles of justice to sustain, when calling upon Mexico to fulfil her *last* deliberate, and for herself highly advantageous compact with her British creditors. All previous contracts were then annulled, and substituted by the one now existing, based on a new and large sacrifice of English property.

Your Lordship will easily comprehend that I can be no party to any further concession on the part of the bondholders on such terms as have heretofore been accepted; but as the very life of capital consists in its yielding some annual and regular return, however small, I should cheerfully listen to a further modification favourable to Mexico, provided the bonds were thereby placed on a footing of yielding a *certain* and *punctual,* if even an inadequate return.

I can see but one way, my lord, of realizing so desirable an arrangement with the Mexican Government as I have here indicated; it is by a strong and earnest endeavour to induce it to remodel with me its obligations for the payment of principle and interest of its foreign debt, under the mediation, and with the intervention of the British minister at Mexico.

Could we prevail on the executive and legislative powers of that state to entertain the proposal, and to carry it out, I trust your Lordship would be no obstacle in the way to prevent H.M.'s Government from lending its sanction to so desirable a measure; and in this case I should have to beg of your Lordship to give such instructions to H.M.'s minister in Mexico, as would lead him to co-operate earnestly with me in maturing and perfecting a plan, to be carried out on the basis at which I have here glanced.

I am well aware that the present policy of H.M.'s Government does not permit such a direct interference as might lead to a rupture with those foreign states which leave their public and recognized obligations to British creditors in abeyance; but I humbly submit to

your lordship that the plan which I suggest might be realized in a spirit of perfect amity, and it would certainly lead to the desired point of having some substantial justice done to the suffering creditors.

Whatever may be the determination of your Lordship on this point, I beg very gratefully to acknowledge your kindness and the desire manifested of furthering the object of my mission in your Lordship's offer to grant me all the facilities which have heretofore been accorded in similar undertakings, and particularly in your Lordship's intention to desire H.M.'s representative in Mexico to introduce me officially as the recognized commissioner of the bondholders; to express to the authorities the desire of H.M.'s Government that my mission may terminate to the satisfaction and advantage of both parties; and to offer every friendly assistance and co-operation towards accelerating and completing this desirable consummation.

I take the liberty of enclosing, for your Lordship's perusal, a copy of the letter of credentials and introduction which I carry with me for the Minister of Foreign Affairs in Mexico. I presume it may not be consistent with the usage of H.M.'s Government to evidence any *quasi*-recognition of a mere mercantile functionary like myself, by intrusting me with a letter directly to the minister of Foreign Affairs; but I think it not unimportant, as I trust your lordship will not judge it impertinent to the question, to observe, that such a recognition would greatly and undoubtedly advance the cause which my constituents have done me the honour to place in my hands.

I propose leaving England for Mexico, *viâ* the United States, as soon as your Lordship may be pleased to favour me with an answer to this communication.

I have the honour to be, &c.,
W. P. Robertson.

I have thought it well to give my letter to Lord Palmerston *in extenso*, because I wish it to be seen that, from the first, I did not conceive I could procure for the bondholders an *effective* payment from Mexico of 5 per cent. on her debt of ten millions sterling; and that it would, therefore, be preferable to *secure* a punctual payment, for the time to come, of a lower rate of interest. Everything which I have since seen has practically confirmed me in the soundness of my original view.

Lord Palmerston's answer was what I had anticipated: a strong desire on the part of H. M.'s Government to assist the bondholders was expressed; an intimation that Mr. Doyle would introduce me to the Mexican minister; and that he would be directed to render me, unofficially, every assistance in his power.

I sailed from Southampton, accompanied by my daughter, who was afterwards of great use to me in Mexico, on the 2nd of December. We were shipwrecked, and nearly perished on the Alacranes Reefs, on the 14th of January: we reached Campeachy, in Yucatan, after many sufferings, on the 18th of the same month. A dangerous fall I had had on board the "Forth", (while on the reef), detained me at Campeachy for nearly three weeks. On the 9th of February we finally arrived at Vera Cruz, where we were most kindly received by Mr. Jonson, resident partner of the house of Manning, Mackintosh and Co.; and on the 26th of the same month, we were welcomed to the city of Mexico by Mr. Mackintosh himself.

The first official letter (No. 1) which I addressed to Mr. Robinson, as chairman of the committee of the South American bondholders, was dated Vera Cruz, 10th February, 1849, when I informed him of the losses which I had sustained by the wreck of the "Forth," the most distressing to me being that of all my papers, letters, credentials, &c. and begging that duplicates of all those I had taken from the committee might immediately be sent out. I explained the cause of my delay at Campeachy, and gave such slight information of the actual state of the bondholders' affairs as I could glean at Vera Cruz.

My No. 2 was from Mexico, by the following packet, and I must here transcribe it at length, as it opens up the whole business of my mission. The only paragraph which I have omitted is in reference to the Mexican mission in London, a matter which I held at the time (and now hold), as being *strictly* private, although the Spanish American committee has alluded to it in the public prints of this city.

Mexico, 13th March, 1849.

Dear Sir,

I beg to enclose copy of my letter of 10th ult., and to refer to its contents.

I did not arrive in this city till the 24th, when I was very kindly welcomed by Mr. Mackintosh, and he delivered to me your letter of the 1st day of this year, to which I shall at once reply.

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I observe that the committee had received their usual advices by the packet, which arrived on the 23rd of December, together with 37,313·66″dollars on account of dividends. By the January packet the committee would receive 25,363 dollars from Vera Cruz and Tampico; and in last month 500,000 dollars more from Mexico, direct, in bills, remittances from the ports having been then suspended for reasons explained to you, and to which I shall again advert presently.

With respect to Mr. Glass, jun., of Tampico, I have to observe that he continues, *ad interim*, the committee's agent there; and I have agreed with Mr. Mackintosh that, before fixing a permanent agency in that port, it will be best to await the nomination of a new British consul. Meantime the committee has received the particulars of the remittances made both from Tampico and Vera Cruz.

On this subject I have to observe that up to this time the government of Mexico has not allowed the agents of the bondholders any intervention in the contability of the duties, from which an appropriation is made towards the payment of the dividends. In any case you will observe that each month's account can only be an approximate calculation of the amount coming to the bondholders, because such accounts neither are, nor can be, made up to the day. But as Mr. Mackintosh agrees with me that the bondholders have a *right* to an intervention in the accounts of revenue which are set apart, or parcelled off for the benefit of the foreign creditors, it is our intention to require of the government here, in the course of our present negotiations, the recognition of such right, and I make little doubt it will be conceded. In that case the committee will receive semi-official or approximate monthly statements, and a corrected official quarterly or half-yearly return from the custom-houses or other public offices whence appropriations are or may be made.

Of the collection of the duties on specie exported from the Pacific Coast, I shall speak presently.

I have to thank you for the copy of your letter to Messrs. Manning and Mackintosh, dated 1st January. You will find, in the course of this letter, that I notice all the points of importance which that letter contains.

I have transmitted to Mr. Doyle your query in regard to the duties on silver on the West Coast, and I beg to hand you his answer, marked No. 4. I have now to state to you that, although some days overdue, our mails, with the correspondence by the packet leaving England on the 2nd of February have not yet come in; and I begin to fear that the loss of the "Forth" has so deranged the line as to have prevented the February steamer from going beyond the Havana. I have therefore commenced my correspondence in the hope that, before I close my communication for you, I may be able to acknowledge receipt of letters from you.

The day after my arrival here, Mr. Mackintosh introduced me to Mr. Doyle, H. M.'s Chargé d'Affaires, whom I was extremely glad to find anxious to second our joint efforts to procure a favourable arrangement of the bondholders' claims with the government. Mr. Doyle had that very day, on hearing that I had arrived, arranged with the Minister for Foreign Affairs to have my formal and official introduction to him and the Finance Minister on the 27th, the third day after my arrival. A domestic affliction in Mr. Mackintosh's family, however, obliged me to delay the ceremony till Thursday, the 1st inst., when I accompanied Mr. Doyle to the government palace.

Mr. Doyle said all I could desire on the occasion, recommending my mission in warm terms to the immediate attention of the Mexican Government, and assuring both the ministers that H. M.'s Government took the liveliest interest in the speedy arrangement of the business which has brought me to Mexico, expressing his hope and his conviction that the whole question would be brought to a satisfactory issue without any delay. The ministers successively assured Mr. Doyle and myself, that no efforts on their individual parts, none they were assured on the part of their colleagues, should be spared to meet the views of H.M.'s Government, as well as the just expectations of the bondholders. I thanked them, of course, for their friendly disposition, showed them to how much consideration the patience and sacrifices of the bondholders entitled them, and impressed above all things the necessity of our coming to a speedy understanding. It was then arranged that as Mr. Mackintosh, by reason of his domestic loss, could not attend to business for eight days, he and I should have our first interview with the Finance Minister immediately after; and we had it accordingly on Thursday last, the 1st instant.

After going fully into the question at large with Mr. Mackintosh, I agreed with him that our best plan would be, in the first place, to restrict our demand to a settlement of the overdue dividends, offering, should that be made, to enter on the consideration of how the dividends henceforward were to be provided for.

We had a long interview with the minister on the Thursday; we had another of two hours on Saturday; we were to have had our third to-day, which has been delayed till to-morrow, and to-morrow, therefore, I shall give you the result of these conferences, and my view of what they may ultimately lead to. I have only, in the mean time, to express my conviction that, on the whole, Mr. Piña y Cuevas, the Minister of Finance, is personally desirous of bringing about some prompt settlement of the question at issue in one shape or another. That the country has abundant means to make a respectable settlement of its liabilities there can be no doubt—the difficulty is to bring the means into play; and I think that by pressing our claim assiduously, assisted by the occasional friendly interference of H.M.'s Chargé d'Affaires, we may ultimately succeed in placing the bondholders in a less dubious, uncertain, and precarious position than that which they have hitherto held.

In our first interview with Mr. Piña y Cuevas, I recommended in the strongest terms a reduction *without delay*, of the duty levied on silver, from 6 to 3, or 3½ per cent.; and I hope the Government will give its immediate attention to this point. You will find that Messrs. Manning and Mackintosh have just received a remittance of 1,200 dollars from San Blas, on account of these duties levied on silver at 6 per cent., and I have not the slightest doubt that the hundreds would have been thousands had the duty been 3 instead of 6 per cent. I do not believe that any measures taken to prevent smuggling, while the latter is levied, will be successful. Messrs. Manning and Mackintosh have mentioned to you that 97 per cent. of these duties has been latterly, and is now appropriated to the bondholders; and with regard to the agents employed, Mr. Mackintosh is just about changing some of them, so that in my next I shall be able to give you the new names.

The contract for the Estanco, or monopoly of tobacco, is, I am sorry to say, disputed; and I will not enter into details regarding its probable produce for the bondholders till we see how this source of revenue is ultimately to be managed, or into what shape it is to settle down. In my next I hope to speak of it with some certainty, and to show what advantages are likely to spring to us from this branch, and in what ratio they may probably improve.

The Government has nullified, up to this time, the cotton licences made over to Messrs. Manning and Mackintosh, *by issuing others at a considerably lower price than that which your agents are authorized to take.* We are about strongly to insist on the propriety of equalizing the price of these licences, and cannot see how so reasonable a demand can be withstood.

With respect to the 20 per cent. of duties recoverable from the Vera Cruz and Tampico custom-houses, it may be well for me to revert to the agreement made by Messrs. Manning and Mackintosh, whereby the recovery of the 20 per cent. was suspended to the extent of 500,000 dollars, in lieu of an order taken for a like account on the United States Government, payable in May, from the instalment due by treaty, of the indemnification money.

If any fear shall have arisen in the minds of any of the bondholders, or of the committee, that the present suspension, even though advantageous, as it certainly is, might prove dangerous as a precedent for future times, I think such fear may be entirely laid aside, on this one ground—that the suspension is neither ordered nor authorized by the Government, but by Messrs. Manning and Mackintosh themselves, as agents of the bondholders. And in regard to the order itself for the 500,000 dollars, I have seen it, and find it according to the protocol annexed to the treaty, a perfectly binding document on the Government of the United States; that is, that they must pay these 500,000 dollars, and that they can only pay this particular sum to the order of Messrs. Manning and Mackintosh.

The maritime duties recovered in Vera Cruz and Tampico have latterly been so productive, that already the amount *owing*, though not yet *due*, to the custom-houses, since the suspension took place, does not fall much, if anything short of the 500,000 dollars, which that suspension embraced. Of the total amount 350,000 dollars were assigned to Vera Cruz; about 320,000 dollars are already *assessed*, and although we have not recent advices from Tampico, I believe the 150,000 dollars assigned to the custom-house there must

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also, within a trifle, be assessed on the imposts and bills in the course of delivery.

The arrangement by which the merchants' bills for duties owing at the different terms, and for which a credit is given by the custom-house, pass over immediately to our agents' hands to the extent of the fifth part ceded to the bondholders, is of the highest importance and benefit to their interests; and this advantageous concession has already been communicated to you. It gives an individuality and directness to the bondholders' rights which I think our own Government would not now allow to be disturbed.

14*th March*.—Having now gone over the different items of revenue in which we are interested, I shall revert to our interviews with the Finance Minister, the last of which we had with him to-day.

* * * * * *

Mr. Mackintosh and I had naturally a good deal of reference in our conversations with Mr. Piña-y-Cuevas to the indemnification money yet to be received by Mexico. We proposed specifically that 2,000,000 dollars from that fund be appropriated to the overdue dividends, leaving the other 3,000,000 to be provided for in some manner, not immediately onerous to the government. Mr. Piña y Cuevas, reminded us that the executive's hands were tied in regard to the fund in question, that a special permission of congress alone could entitle the executive to touch the indemnification fund, or any part of it. Still the minister seemed and seems to look to the advantage (see my supplementary papers No. 10,) of the whole of the indemnification fund being placed at the disposal of the government, and this view Mr. Mackintosh and I strongly argue.

In our last interview of to-day, it was agreed that we should not meet again till after the sailing of the packet; that I should address a note to the minister; and that he should return me an answer to the same in time to transmit in copy to you.

The translated copies of my official note and private letter to Mr. Piña y Cuevas, you will find in my supplementary letters Nos. 7 and 8; his answer I have of course not yet received.

I have to call your attention to the other papers contained in my supplementary sheets. No. 1 I have given you, because it is not only an official *exposé*, but I believe is written by Mr. Piña y Cuevas himself. So he gave me to understand, as he handed me the official print in which it is inserted.

Nos. 2 and 3 are my first note to the minister, and his answer: to Nos. 7, 8, and 9 I have already adverted; and I may just add that, Mr. Mackintosh and I would be well pleased to see the *projet de loi* (No. 10) carried, although I hardly expect it will be.

I have omitted to mention, that to-day Mr. Piña y Cuevas told Mr. Mackintosh and myself that he had addressed a secret note to the Chamber of Deputies, telling them of my arrival, of his having been seriously urged (*reconvenido*) on the subject of my mission; that he had afforded me various conferences, and that he pressed on the house the necessity of giving the question of the foreign debt a preferable consideration among the grave matters which engaged their attention.

With respect to the *budget* presented by the minister to Congress, in which he made out a deficit of *eight millions* of dollars, the income being six millions, the committee need not give heed to it, as the document is clearly concocted for a purpose. Of ministerial reports which I am requested to examine, I have received an aggregate of 500 large octavo pages, closely printed. Before the sailing of the April packet I shall endeavour to extract the essence of these voluminous pamphlets, and revert, if necessary, to the subject in my next.

I cannot conclude without bearing my grateful testimony to the personal kindness and the efficient business aid I have received since the day of my arrival here, from Mr. Mackintosh. He has patiently laid before me, and made clear every detail connected with the claims on Mexico of the British bondholders. He has explained to me that he has not gone into long written details with the committee, fearful that he should raise expectations which might afterwards be disappointed; but towards watching vigilantly over the real and material interests of the bondholders, let me assure you, (of what indeed we were all convinced before), they could have found no man uniting so much zeal, intelligence, and popular as well as solid influence in their service as they possess in the person of their agent, Mr. Mackintosh.

I have the honour to be, &c.,

W. P. Robertson.

P.S.—The papers here have spoken favourably of the object of my mission; they are anxious to see it honourably terminated.

On the 14th of March I addressed to the Minister of Finance the subjoined official letter (in English), accompanied by the note (in Spanish) which follows the other.

Mexico, 14th March, 1849.

SIR,

With reference to the verbal conferences which H. B. M's. Consul, Mr. Mackintosh, and myself have had the honour of holding with your Excellency, I have now to beg you will have the goodness to state to me, for the information and satisfaction of the British creditors, bondholders of the State of Mexico, whom I represent, what measures the executive government propose adopting for the payment of the overdue dividends on the bonds, as well as for the punctual remittance of those falling due henceforward.

Your Excellency will greatly oblige me by letting me have an answer in the course of to-morrow, that I may be enabled to transmit the substance of your Excellency's communication to the parties interested by the packet about to sail, carrying the mails which leave this city on Friday morning the 16th instant.

I have the honour to be, &c.

W. P. ROBERTSON.

Don Manuel Piña y Cuevas, Ministro de Hacienda, &c., Palacio del Gobierno.

(Confidential.)

TRANSLATION.

5, Calle Capuchinas, 14th March, 1849.

DEAR SIR,

Confining myself to my instructions, I have addressed to you an official note according to our agreement of to-day, but I cannot omit begging you to make your answer the most favourable and satisfactory, which you believe the difficulties by which the Government is surrounded will permit. I am sincerely persuaded that the English bondholders have, in this government in general, and more particularly in yourself, all the support which good principles and the best intentions can offer, and this is highly satisfactory. I do not shut my eyes to the actual difficulties which embarrass the ministry; but in order that we may bring to a happy issue a business of such vital importance to Mexico as that which has brought me to her capital, it cannot escape your own penetration and good sense, that it must be treated in that formal and practical manner which the English consider so essentially necessary in their business transactions. Thus the pointing out of some practical and positive measures by you would at once gain the good-will of the bondholders in London, as opening up the way to a definitive arrangement, which would give a new life to the credit of Mexico in England.

Believe me to be, &c.,

W. P. ROBERTSON.

H. E. Don Manuel Piña y Cuevas, Finance Minister, Mexico.

In order to save you time, I have made a translation of my official communication, which translation you will find enclosed.

Mr. Piña y Cueva's official answer (which has been published) was satisfactory, though couched in general terms, as may be supposed; and while in his private note to me he assures me of the great desire of the government to do justice to the bondholders, he nevertheless concludes by expressing his confident hope that, "I will well prepare the minds of the English creditors towards lending themselves to a reasonable compromise (*acomodamiento*)."

On this occasion, also, Mr. Piña y Cuevas agreed, *de motu proprio*, to give up the accumulated interest on remittances held at the disposal of the Mexican Government, by Messrs. Jno. Schneider and Co., which was a pleasing indication of the minister's desire to proceed liberally and in a straightforward manner with us.

I also addressed, on the 14th, a letter to Mr. Doyle, H. M.'s Chargé d'Affaires, the tenor of which will be gathered by the following answer to which I have referred in my letter to Mr. Robinson :—

SIR,

I have the honour to acknowledge the receipt of your letter of yesterday's date, in which you tell me that you have been requested by Mr. G. R. Robinson, the chairman of the Committee of American Bondholders, 'to ascertain from me, if possible, whether I had been furnished with any instructions by H. M.'s Government to the Commander-in-Chief of H. M.'s Naval Forces in the Pacific, respecting the export duties on silver.

In answer, I beg to inform you, that as far back as August, 1844, this mission was furnished with the instructions on this point sent to Sir George Seymour, at that time commanding H. M.'s Naval Forces in the Pacific. On the 2nd of last November, I wrote to Rear-Admiral Hornby, the successor to Sir George Seymour, communicating to him some

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fresh measures which had been adopted by this government, for the purpose of preventing the exportation of specie from the coast without payment of the regular duties, 97 per cent. of which have been appropriated to the payment of the dividends of the foreign debt of this country. I at the same time informed him that the instructions sent out to Sir George Seymour had been communicated to this government by order of that of Her Majesty, and that as I did not know when my despatch might reach him, I had considered it advisable to send a copy of it and of its inclosures to the consular agents at the different ports in the Pacific, to be shown to such officers as might arrive there for the purpose of embarking specie, and that measure met with the approval of H. M.'s Government.

I have the honour to be, &c.,

PERCY W. DOYLE.

My letter No. 3, 15th March, to Mr. Robinson, was one which has been referred to by the committee of Spanish American bondholders in their "statement" at the foot of page 111. It is perfectly true that my communications could not in their integral shape be given to the public; but when I said that the spirit of them ought to be conveyed to the bondholders at large, I certainly meant that a regular *précis* of my letters should punctually be published as they were received; omitting only those matters affecting persons, public and private, which could not, with any propriety, be made public.

In this light the committee must necessarily have viewed what I said, because in the sentence following the one which they have quoted, I wrote thus:

"In this understanding, and at the same time anxious to give every possible information to the committee, I proceed to say, that Mr. Mackintosh and I have canvassed freely with the Minister of Finance the position of this government and of the bondholders in regard to the House of * * * * * ."

My next letter to Mr. Robinson, No. 4, was dated the 3rd of April, *via* United States, and it commenced by stating, that as it was desirable that the committee should have the earliest advices from me of my operations in Mexico, in prosecution of the mission I had undertaken, it was my intention to write to him (Mr. R.) once or twice a-month, by way of the United States, as well as by the regular and direct monthly packet. I then proceeded to write thus:—

"At the risk of being perhaps considered unnecessarily minute, I have determined to detail to you all the steps I am taking; the various aspects which the business which I have taken in hand is assuming, and as far as I can see them, the probable results of my labours. If you find me entering into details which you may view as superfluous, I beg you to keep in mind that the interests which engage my attention are of no common magnitude; that the management of them is rendered difficult and uncertain by the nature and character of the people with whom I have to deal; and that I am naturally anxious, in the unfortunate, and I hope not probable event of a failure in my mission, to be able to show I have done my best to secure its success.

In my last letter to you, No. 3, written on the eve of our mails being made up, I unaccountably omitted to acknowledge the receipt of your letter of 1st February; you will please attribute the involuntary omission to the confusion caused by the arrival of the mails from England only the day previously to the dispatch of our own. You would find at the same time that my communication No. 2, had virtually answered the principal points of your letter in question.

You say with much truth, that the whole public debt of Mexico must be considered as but trifling, compared with its actual resources, *were they properly brought into action;* but to do this is, I assure you, a Herculean task. At the same time to help to bring the public resources of Mexico into healthy action will form the very *cynosure* of my operations here."

The remainder of this long letter is taken up with an account of the retirement from office of Mr. Piña y Cuevas, the Minister of Finance; of the difficulties of Don Luis Cuevas, Minister for Foreign Affairs, and Chief of the Cabinet, in replacing the former by another minister; of the appointment of Mr. Arrangoiz, and of all the uncertainties into which I was plunged by the new and unexpected negotiations which arose out of the changed state of the Cabinet.

Subsequent events render it unnecessary here to give this communication, (No. 4,) of which I speak; and I may now, once for all, remark, that as I intend to place my letter-books, my letters, and all the documents relative to my mission, in the hands of the Mexican committee,

with free access to the same by all parties interested, I have the less scruple in abridging my correspondence at present.

My letter, No. 5, to Mr. Robinson, again by way of the United States, was supplementary to my preceding one, and requires no notice here.

On the 10th of April, I communicated to Mr. Doyle officially the progress which I had made in my mission, stating to him, in my concluding paragraph, that the English bondholders were much indebted to him for the efficient and friendly manner in which he had exercised an intervention in a business so deeply interesting to a large body of his fellow-countrymen; and that I had only fulfilled my duty in acknowledging his services, as I had done to Mr. Robinson, chairman of the committee.

On the same day I addressed my letter, No. 6, to Mr. Robinson, expressing to him our obligations to Mr. Doyle, stating my firm belief that Lord Palmerson would be pleased to learn that Her Majesty's representative in Mexico had already been, and was likely still to be, of so much service to the creditors of that State, leaving me scarcely any room to doubt that his lordship's friendly intervention so effectually carried out by Mr. Doyle, would lead to a successful termination of my labours.

By the April packet, the commencement of my letter No. 7, ran thus:—

"I have already sent off to Vera Cruz my Nos. 4 and 5, which will probably go as I direct this, and my enclosed, my No. 6, to be sent by the "Thames" steamer as far as Mobile, and thence by way of New York to England; while another packet which I address to you *viâ* Southampton, contained press copies of my Nos. 2 to 7, both included; so that by the one or the other route you will have all my communications as soon as any one can have letters from this. I am particularly anxious, for obvious reasons, that no letters from Mexico should at any time reach England without the committee having communications at the same time from me."

I proceeded in my letter to express my regret at having had no letter from the committee by the packet just arrived, (sailing from Southampton 2nd March), and begged I might have regular monthly advices, with information of what was doing in Mexican affairs, as well as in monetary matters in general, with slips from the "Times," &c.

"I may at once say here," I continued, "that I hope the committee will not, in regard to my mission, make any account of the expense of *postage*, either to or from Mexico. We are engaged in a large and difficult business of uncertain issue, and I desire to lay before the committee the fullest details, with documentary accompaniments, not only for their immediate information, but, *in case of need*, to show distinctly to our government that no step has been omitted, no pains spared, to bring the Mexican government to an amicable and *favourable* settlement—I mean favourable to itself with its English creditors. If I do not succeed, with Mr. Mackintosh, in bringing about a final agreement with the executive here, we must be prepared most clearly to show at the Foreign Office that but one only hope for the bondholders remains, the official interference of Her Majesty's government."

A large portion of this very long communication was given to details of my interview with Mr. Arrangoiz, and of my negotiation for the payment to the bondholders of 720,000 dollars, being the amount of interest allowed on the instalment due in May, 1849. To this payment Mr. Arrangoiz gave his unqualified consent when I broached the proposal, and led me moreover to hope that the total amount of the interest, being 1,800,000 dollars payable on the indemnity money as it fell due, would be made over to the bondholders. At this stage of the business I saw little prospect of obtaining any larger amount of the indemnity money, and to this effect I wrote to the committee.

What I stated in this packet in regard to the cotton licences, I think it best to transcribe in this place.

"With regard to the *cotton licences*: these licences, as you will be aware, are given to us to sell at a fixed and limited price, that is to say, if we sell a licence to introduce 1,000 quintals of cotton, we must do so at a not lower rate than 4½ dollars quintal, or for every 1,000 qrs. sold we must credit the government 4,500 dollars.

"Now others being holders of these sort of licences who are willing to submit to a sacrifice in their sale, are disposing of them at 3 dollars, although they allow the government in account 4½ dollars; and to make our licences worth anything to the bondholders, we must also sell at 3 dollars.

"We applied, therefore, to Mr. Arrangoiz to grant us this authority, and he has promised to give the matter his immediate attention. You may depend on my urging him daily for a decision.

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"The amount due to the bondholders to be set off by these licences is 680,000 dollars, and to realize this sum we should require, at 3 dollars per quintal to sell about 226,000 qls. of cotton licences; a large quantity which at any price almost we should require time to run off."

What I have said on the tobacco contract has been transcribed by the committee of Spanish American bondholders in their Statement, pp. 84, 85, and 86; and I shall hereafter have to refer to this subject.

In this letter I also entered on the topic of duties on silver; but the details of our difficulties in recovering them being of an extremely personal nature, I do not think myself at liberty to say more here, than that to avoid the ramified system of contraband which everywhere existed, but particularly on the West Coast, I expressed my hope that we should ere long be able to place the whole question on a more satisfactory, and, for English character, on a more respectable footing.

I concluded on this subject in these terms:—

"On the West Coast I think we shall do nothing in regard to changing agencies till we hear whether the bondholders will engage or not to pay all their agents here *themselves*. Then, and not till then, the revenues on which they depend will be properly collected. I have mentioned the matter to Mr. Powles, and I have here only earnestly to recommend that you endeavour to obtain from the bondholders a power and the necessary grant to remunerate your agents at the ports of Mexico, either by a salary or per centage on their recoveries, leaving Mr. Mackintosh and myself to make the appointments."

The remainder of my letter was taken up with details of the Vera Cruz recoveries, and state of affairs there, in reference to which I transmitted a very interesting extract of a letter I had received from Mr. Jonson, and concluded thus: "You will please particularly to observe [I have underlined it] what Mr. Jonson says as to the information he gives me." Without giving Mr J.'s name, I read it all to Mr. Arrangoiz, and I shall send him a written copy of it. Mr. A., happily, seems bent on putting down smuggling, though I doubt his success to any great extent till he lowers his tariff. Mr. Jonson, of the new house of Manning, Markoe, and Co., I find an efficient and zealous agent. My letter concluded by referring to slips in the Mexican newspapers which I enclosed for the committee and for the public prints, requesting that the latter might be immediately sent, with any abstract which the committee liked to give of my present correspondence.

On the 17th of April, I addressed a long official letter to His Excellency Don Francisco Arrangoiz, Minister of Finance of the United States of Mexico, the nature of which will be gathered from the first paragraph, which I here transcribe.

"I think it desirable that I should lay before Your Excellency, in writing, a summary of my proceedings with the Executive Government, and more especially with the Finance Minister of Mexico, since I had the honour of being introduced by H. B. M.'s representative, Mr. Doyle, as the accredited commissioner of the British creditors of this State."

After having gone in detail into the first acts of my mission both with Mr. Piña y Cuevas, and with Mr. Arrangoiz himself, including the agreed appropriation of 720,000 dollars of the indemnity money, payable by the United States, I proceeded in the following terms:—

"Such then, was the point at which my mission stood, when the mails, for the packet, fixed to sail on the 15th, were made up here on the 13th. I, of course, communicated fully and punctually all the particulars contained in this *resumé* to Mr. Robinson, our chairman, for the information of the bondholders, and of the British public, as well as to Mr. Doyle, for that of H.M.'s Government at home, and I have no hesitation in expressing my conviction that every step which has happily been taken since my arrival has tended to advance the value of the Mexican bonds in England, and to give a stability to the credit of the Mexican nation there which can solely be shaken by Mexico herself, and by no other power, individual or corporate.

"For myself, I am determined, as far as in me lies, to remove fluctuations in the price of the Mexican bonds in London, so fatal to the interests of those who have their capital invested in them. Such fluctuations too often flow from parties in England being alarmed by false and incorrect reports of what passes here. I am, therefore, taking the utmost pains to place the earliest information of my proceedings in the hands of the Committee in London, to be immediately given to the public, and to this end I write weekly by way of the United States, as well as by the direct packet, monthly.

"Convinced as I am that your Excel-

lency must be even more interested than myself in carrying out, under your important ministry, a measure, or series of measures, which shall at once restore, on a solid and enduring basis, the public credit of Mexico, and give proof irrefragable of its good faith with foreign nations, I have to request earnestly the honour of an early answer to this letter, your Excellency fixing also an early date for receiving Mr. Mackintosh and myself, that we may proceed to accelerate and perfect the measures already initiated by the Mexican Government.

"To strengthen your Excellency's position, as well as to place on record the duty which I have to perform, under the guidance of a discretionary power of my own, it may be well that I here officially and formally state the extra amount which, as a preferable debt over all others, I am instructed to claim from Mexico as due to her British creditors, being the arrears of interest and sinking fund due 1847, when, on a conversion being made, a sacrifice of very many millions of dollars was submitted to, in order to secure punctual payment in time to come.

I am required then to claim, in cash:—

	£.	s.
Dividend due from 30th June, 1846, to 30th June, 1848, 2 years, at 5 per cent. per annum on the capital sum of 10,241,650*l.*	1,024,165	0
Dividend from 30th June to 31st December last, if not remitted previously to my arrival . . .	256,041	5
Dividend from 1st January to 30th, 1849, to be provided for here within that half-year	256,041	5
	1,536,247	10
Deduct for remittance made, suppose one half-yearly dividend . .	256,041	5
Due and overdue dividends . .	1,280,206	5
Add 2 years' sinking fund, 2 per cent. on 10,241,650*l.*	204,833	0
	£1,485,039	5
Which, valuing in round numbers the dollars at 4*s.*, will make,	Dollars, 7,425,195	

"I have, for three distinct reasons, troubled your Excellency with this long *exposé* of the actual state of the claims of foreign creditors of Mexico, and of my present connexion, as their commissioner, with them.

"First, because I wished there should exist in the archives of your ministry a statement of this kind, lest any change in the minister (which, however, I hope I shall not see while this question is pending), should render a reference to it requisite.

"Secondly, because I am anxious that in so momentous a question, the minister and myself should be quite *d'accord* as to facts; and thirdly, because I have an account to render of my own mission at home, when I desire and hope to show that I have fulfilled it to the best of my slender abilities.

"Before I conclude, I hope your Excellency will permit me to express my conviction that the magnitude, the importance—the vital importance, if I may be allowed so to speak—of the happy settlement of a debt so large, from a rich country like Mexico, to a body of creditors, who have made many sacrifices in the business, although justly and legitimately they could be called on to make *none;* that such a business will ensure the energetic employment of your Excellency's well-known high qualities in procuring its prompt and amicable arrangement; and that I may be permitted to return ere long to England, to tell my constituents that that which was happily begun by one minister was no less happily concluded by another—to tell them that to the patriotism, the high sense of honour, the political sagacity, and the prudent foresight of *both*, Mexico owes the restoration of her public credit in Europe."

In answer to the foregoing letter, I received on the 20th an official communication from the minister, in which, after assuring me that he was no less desirous than myself that everything concerning the debt of Mexico to England should be so arranged as to assure equally the interests of the bondholders and the fulfilment of the obligations contracted by this government, he requested me, in order to abbreviate our proceedings, to meet him in a confidential manner (the good faith which I had observed authorizing him to use that expression), along with Mr. Mackintosh on the 23rd, when he would place in my hands a memorandum embracing all the points on which we had to treat: that he would then give me every explanation that might appear necessary, and that in another conference which he would hold with me whenever I required it, he hoped we might come to an entirely satisfactory conclusion, seeing that both the government and myself were actuated in the business by the same right feelings, and guided by the same wishes.

My letter to Mr. Arrangoiz, with his reply, I transmitted to Mr. Robinson,

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via United States, on the 21st April, in my No. 8, which was couched in the following terms:—

Mexico, 21st April, 1849.

DEAR SIR,

Between the sailing of our March and April packets I addressed my Nos. 4 to 7, both inclusive, to you, by the way of the United States; and by the packet which sailed on the 15th or 16th, I sent you copies of all these communications. My supplementary papers accompanied my No. 7 *viâ* New York.

On the 14th instant I was somewhat alarmed by hearing, indirectly, that Mr. Arrangoiz, the Finance Minister, had expressed a fear that he could not carry the authorization for appropriating the 720,000 dollers through the "Cameras del Congreso," unless a complete arrangement of the whole debt, on the basis of a reduction of the interest, preceded. The same day a messenger from the minister waited on me to tell me of the difficulties in the way, and to beg of me, on the part of Mr. Arrangoiz, to enter at once with him (the messenger, a Mr. Olarte) on the general question, by way of clearing the ground for the minister himself. I not only refused to enter on the subject, in any shape, with Mr. Olarte, but begged him to express my surprise that the minister should have conceived it compatible with my mission to do so. I told Mr. Olarte to let Mr. Arrangoiz know that I must at all times, in conjunction with Mr. Mackintosh, correspond with the minister himself, and with no one else, and that I should address him in writing to this effect.

The following Monday, the 16th, Mr. Escandon (well known to your vice-chairman) called on me, and told me that he had had a long conversation with Mr. Arrangoiz, and that his plan was to offer me a million of dollars yearly (in all, four millions of the indemnification money, and full security for the payment henceforward of the dividends), provided I would agree, on the part of the bondholders, to reduce the interest definitively to three per cent. per annum!

I therefore hastened to write the long letter to Mr. Arrangoiz, of which you will find a copy enclosed, and sent it to his own house on the night of the 17th (Tuesday). Wednesday and Thursday passing over without my receiving any acknowledgment of my official communication, the messenger who took it went to his office yesterday to know if he had received it. Mr. Arrangoiz said that he had; pleaded very urgent occupations as the cause of his having failed to acknowledge receipt of the letter sooner, promised an answer to-day, and having received it, I hand you a translated copy of the same.

Of course, Mr. Mackintosh coincided in the propriety of my letter to Mr. Arrangoiz; but before sending it in I thought it right to show it also to Mr. Doyle, and have his opinion of it. I am happy to say he quite approved of the communication; and I have sent him to-day, officially, a copy of it, and of the minister's answer.

If I agree to reduce the interest to four per cent. per annum, I shall only submit to that sacrifice on such terms as I hope will show the bondholders that their position is bettered by the agreement I may make. If they think otherwise, the remedy is always in their hands; and I only hope, when they are called together, that the whole course of my proceedings will satisfy them of my great desire to fulfil my mission in the best manner that circumstances will permit.

I shall lose no time in forwarding you a copy of the memorandum which Mr. Arrangoiz promises me for Monday, and a detail at the same time of what passes at our interview.

I have deferred all other action till I am in full possession of the Government's views and plans in relation to its English debt; and then I shall be prepared to act as the circumstances of the case may dictate. I am preparing a variety of matter, to be used, *in case of need*, through the public press.

I am, dear Sir, &c.,
W. P. ROBERTSON.

George R. Robinson, Esq.

P.S.—Pray write to me by way of the United States. The packet leaving Southampton on the 2nd of March brought from Mobile London dates to the 10th, and yesterday advices were received here from London to the 18th of March.

I also, on the 22nd April, sent to Mr. Doyle, copies of my letters to the Minister of Finance, and of his answer.

On the 23rd, Mr. Mackintosh being unwell, I waited alone on Mr. Arrangoiz, and received from him the memorandum which he had promised me. I declined, in Mr. Mackintosh's absence, reading it

or entering on its contents, although much which the minister said gave me reason to fancy that his views and my own were far from being congenial, on the settlement which he proposed of the foreign debt of Mexico. On getting home, therefore, I was not so much surprised as I might otherwise have been, on reading the memorandum, which ran as follows :—

MEMORANDUM.

All the operations entered into, up to this time, in the question of the foreign debt, have been carried out (with very few exceptions) by those who managed or promoted them in London with the sole object of getting good commissions, or of deriving great profits from speculating in the bonds. For this reason neither the interests of the bondholders nor those of the Mexican nation have been attended to as they ought to have been; the former have been led to hope for what never could be realized, and the credit of the latter has been destroyed, by obliging the governments to promise that which it was impossible to fulfil.

It is necessary, therefore, to enter on another path; and as the desire of the present Minister of Finance is to accomplish faithfully that which he promises to do, and to be as exact in the fulfilment of his public as he is in his private engagements, he will lay down in this memorandum the principles on which it is necessary to start, and these once admitted, the details will be easily arranged. If it is not done thus, the same thing will happen now as before, viz., an imaginary project will be formed which will never be realized.

This being understood, it is indubitable that Mexico cannot pay the interest of her debt while the capital is so large and the interest so high. It is necessary, therefore, to reduce the capital considerably, and to a smaller quota.

The first may be done by the Mexican Government buying up and retiring from circulation a sum of 16,000,000 of its bonds, purchasing them at the price which is highest in the Stock Exchange of London on the 1st of this month. And to this end the necessary sum may be applied from the monies to be received of the United States indemnity. The mode of applying this sum towards the buying up of the bonds, whether by lot, series, or otherwise, may be matter of future agreement.

As to the second, it is necessary to fix the interest of the remaining sum at 3 per cent. per annum.

The advantages which result from this plan to the bondholders are :—1st. In lieu of the imaginary capital which they now possess, since if they sell their bonds it is at once reduced to a fourth part, they will reckon on an effective value, because the bonds will maintain a high price while the interest is punctually paid; and, besides, a fund may be assigned towards annually retiring a certain quantity of the bonds from circulation, which will increase the value of the remainder. 2nd. They obtain this advantage without any real sacrifice, since the bonds are to be retired at the current price of the day on the Exchange. And 3rd. If there were any sacrifice in this, it would be amply compensated by the value of the bonds still subsisting in circulation.

As to the interest, the punctuality of the payment of it will make this a secure income, and one on which the bondholders may reckon at stated periods.

As regards the overdue dividends, a separate convention will be made, making a considerable reduction in them, taking into consideration the time in which this new debt was contracted, and supposing the admission of the two first basis, a part of the North American indemnity will be assigned to it also.

Each one of these points will require explanation, which the Minister of Finance will be ready to give with the utmost frankness.

In this manner the bondholders will have their interests assured, and the government will be able to exist and strengthen itself, which is another guarantee for the holders of bonds themselves, since, there being no doubt that the first necessity of a government, as of an individual, is to exist, to this object the executive will, in the first place, devote its resources. The actual government has proposed reducing its expenses to what may be strictly necessary, and to apply all the surplus revenue to the payment of its debts, and more than this cannot be exacted.

The day after I received the memorandum I wrote to Mr. Arrangoiz in the following terms, considering my letter as a sort of protest against the doctrines laid down, and proposals founded on them, in his memorandum :—

(Confidential.)

Mexico, 24th April, 1849.

DEAR SIR,

As you have stated in your letter to me of the 20th inst. that you think some points in the negotiation between us may be treated confidentially, I now take the liberty of addressing you in that understanding.

When I got home yesterday, and then read the memorandum which you had placed in my hands, I confess that, if its contents caused me the deepest regret, the surprise with which they filled me was, after all, my predominant feeling. The question, as you put it, seemed to stand so isolated, so disjointed from, nay, so opposed to all that had previously been done and understood in my mission on the one hand, and it contained assertions, principles, and propositions so utterly at variance with my preconceived idea of what I had been led, and had a right to expect, that I almost felt inclined to believe that I had, by mistake, brought away the wrong paper.

I emphatically assured you yesterday, that I held my mission to be a mission of peace; and that I should lend my most strenuous efforts to insure my labours being crowned by an amicable and mutually satisfactory arrangement between the Mexican nation and its British creditors.

In this strong feeling I think it my duty respectfully to request you to withdraw the memorandum in question, allowing us to return to the *status quo* of the 10th inst., as detailed in my official letter of the 17th.

I lay my strong recommendation of the withdrawal of the memorandum on the distinct grounds which I shall now state concisely, ardently hoping that I may not be required to go further into my objections to the whole tenor and to every particular of the paper to which I now limit my attention.

I recommend to you its withdrawal then:—

1. Because it attacks, in a most objectionable and indiscriminate manner, all the highly respectable parties, Mexican and English, but particularly the latter, who have had any connexion with the foreign debt, accusing them of having sacrificed the interests of Mexico, on the one hand, and of the bondholders on the other, to their own selfish interests and gambling intrigues. Such a charge, coming publicly from you, as a minister of state, I submit, ought to be made, if made at all, specifically, (for specific cases may not be wanting,) and with data to prove the charge.

2. Because the mere assumption (from which I differ *toto cælo*) that Mexico cannot pay the interest on her foreign debt, and that therefore it is necessary she should reduce the capital amount of the same any otherwise than by honestly paying it off in whole or in part, in its original integrity, is a wholly inadmissible proposition, both as being erroneous in its premises and false in its principles.

3. Because a proposition to appropriate the revenue of Mexico to the purchase of her foreign bonds at a ruinous depreciation of their value, caused by her own neglect to keep good faith with her creditors, while she is still leaving unfulfilled her obligations with them, would, in point of fact, be a fraud committed on the *bona fide* bondholders.

4. Because it is *not* necessary to fix the interest on the foreign debt at 3 per cent. This would be precisely equivalent to telling the bondholders that, after all the sacrifices to which *they themselves had chosen to submit*, it was now "*necessary*" that they should cede to the Mexican nation twenty millions of dollars more, or one million of dollars annually.

5. Because it is indecorous in Mexico to state that her creditors hold an "imaginary" capital; and because to call it such is the clear way to depreciate still further the value of the bonds, instead of sustaining their worth and price.

6. Because it cannot for a moment be sustained that Mexico, in redeeming her bonds at a fourth part of what would be their value, did she keep faith with her creditors, would cause no positive sacrifice to the bondholders.

7. Because it is erroneous to say that "a sinking fund may be established," when one is already established by law, although Mexico has as yet given it no effects.

8. Because it is utterly impossible to conceive how the illegal purchase of bonds by Mexico, at a fourth part of the value which is fixed by her laws, and the violent reduction of the interest from 5 to 3 per cent. per annum, could lead to an augmentation in the real value of her foreign securities.

9. Because first to allow interest to accumulate, and then to make that a plea for demanding a considerable reduction, is the most inadmissible and unheard-of proposition of all; for it is in evident and startling opposition to the very first and

simplest principles which govern an interchange of property, or which regulate commercial or financial operations.

10, and lastly. Because it is not the *government* of Mexico, properly speaking, but the *nation* of Mexico which has a large pending debt due to the British holders of her bonds. The government is but the medium through which the nation's obligations must be fulfilled. The foreign creditor has nothing to do with the domestic expenses of the government. The British bondholder knows that the nation possesses *ample resources* to meet all its foreign engagements, and he therefore looks to the nation taxing itself *in the first place* to the amount of its debt to foreigners, leaving it, beyond that, to raise money to any extent it pleases, in order to meet its own governmental or other internal requirements.

For all these reasons, I once more beg to express to you the strong conviction I entertain of the expediency of returning the memorandum, in which case, of course, I shall consider this letter as forming no part of our proceedings.

I feel assured that you will look at the step which I now take in its proper light, and the only one in which I mean it to be taken; that is, as a sober and dispassionate, though frank exposition of my views, dictated and laid before you by the sincerest desire of facilitating our operations, and of leading us to the most favourable termination of a question which I consider of a more momentous character than any other which can at present affect the well-being, not to hazard the mention of still higher interests, of Mexico.

I have the honour to be, &c.,

W. P. Robertson.

H.E. Don F. de Arrangoiz, &c., &c.

On the 28th of April I addressed my letter, No. 9, to Mr. Robinson, and explained to him the perplexities and difficulties which Mr. Arrangoiz's memorandum had caused us. I sent him Mr. Arrangoiz's answer to my letter, dated the 26th, which was couched in somewhat vague and general, but in conciliatory terms; and I sent a copy of it, as was my practice with all documents of importance, to our chairman, and showed him that, with the valuable assistance of Mr. Doyle, we were likely to return to a right understanding.

Anxious, also, not to alarm the bondholders unnecessarily, I concluded my letter to Mr. Robinson, thus:—

"You will please use with the utmost caution the *details* which I give you; for you as well as the committee will see that a misconception of my *general* position here, arising out of unnecessary fears as to *particular* phases of the question, might give rise to new fluctuations in the value of Mexican bonds in London, for which, as far as I can see at present, there is not the slightest cause."

On the 30th of April I expressed, in a note to Mr. Arrangoiz, my regret that he had postponed an interview with Mr. Mackintosh and myself, from that day till the 3rd of May, but hoping that he would then enable me to write satisfactorily to the chairman of the committee. On the 4th, I transmitted copies of all my late correspondence to Mr. Doyle; and that same day, having been so requested at the meeting of the previous day by Mr. Arrangoiz, I drew up my ultimatum for an arrangement with the government, of the bondholder's claims.

As I afterwards withdrew the ultimatum, and as it can be referred to in my letter-book, I need not give it at full length here. Suffice it to say, that it stipulated for the payment to the bondholders of 3,350,000 dollars of the American indemnity money, in lieu of the dividends overdue; for a modified interest on the debt for the next ten years, beginning at 3½ per cent., and ending at the legal rate of 5 per cent., to be duly paid from 1860 up to the total redemption of the debt; for deferred bonds for the difference of interest arising out of the modification of the same during ten years; for a sinking fund to be regulated apart; and for new liens on the revenues of the state, amounting in all to 2,100,000 dollars per annum. Other points of importance were included in an *addendum*, but it is not now necessary here to give them.

All the incidents attendant on my *ultimatum*, its rejection, and its final withdrawal, are detailed in the following communication, No. 10, to Mr. Robinson.

(Confidential).

No. 10, via United States, Duplicate per Packet.

Mexico, 12th May, 1849.

Dear Sir,

In my No. 9 I promised to write again on Saturday last, *via* United States, but I found that would be a supererogatory labour, as my letter would go, after all, by the packet to New Orleans.

I have now to acknowledge receipt of your esteemed letter of 30th March, acknowledging receipt of my lines of 19th

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January from Campeachy, together with a postcript of the 31st, by which I learn you had just received my letter of 10th February from Vera Cruz, time not permitting you to do more than acknowledge receipt of your packet letters.

I have little to say in answer to your letter just noticed, and which I did not receive till yesterday. I feel grateful to yourself and the committee for the sympathy which you are pleased to express in our disastrous and untoward voyage here; and although the shipwreck threw my operations somewhat back, I hope you will find by my subsequent advices that it has not materially damaged our cause.

In regard to the remittance of the 500,000 dollars, I believe I need not here make any remark; I can only regret as most unfortunate, that the actual *nature* of the remittance was not known at first by the bondholders.

I have received with no small pleasure the duplicate set of documents which were delivered to me previously to my departure. I find them all in order, as noted by you under the head of "enclosures," and I am happy to say they have come exactly when my loss on the Alacranes, (of my papers,) was beginning to give me the gretest anxiety. You will find I have already promised the Minister of Finance ample extracts from my missing, but now replaced papers.

My two last numbers, 8 and 9, with a variety of accompanying documents, I sent by way of the United States, as I do this; and copies of my three letters (8, 9, and 10) I send by the packet direct to Southampton. I shall also send by it copies of the most important of my enclosures, and I shall then insure what I am so anxious to do, that the committee receive as early information of what passes here as can go to any other party.

Taking up the history of my mission from the 28th ult., you already know that on the 27th I requested an early conference with Mr. Arrangoiz, and receiving on the 30th a note from him appointing the 3rd inst. (six days after I had asked) for an interview, I addressed the note to him, No. 1, which commences my supplementary papers now sent to you.

On the 3rd Mr. Mackintosh and I waited on Mr. Arrangoiz, and the result was that, as opposed to his *memorandum*, I said I would make him such propositions as I thought I might get the committee and bondholders to accede to, but always letting him know that, to meet the views of Mexico, I should have to go beyond the instructions which I had received.

On the 4th, with Mr. Doyle's approbation, I gave in my *ultimatum*, No. 2, herewith. Mr. Mackintosh and I waited on the minister with it. I told him that it was intended for the cabinet at large, and that, therefore, as soon as Mr. Arrangoiz let us know when the matter had been considered for adoption or rejection by the ministry, we should again wait on him. I begged him to consider the document as confidential, unless adopted by the government; and finally intimated that it had the cordial approbation of H. M. Chargé d'Affaires.

Mr. Arrangoiz appointed the 8th to see Mr. Mackintosh and myself, and he then rejected my *ultimatum*. This fact makes any defence of my propositions unnecessary. In truth, I was quite convinced in my own mind when I gave in my propositions, that it would be rejected, and that I should incur no actual responsibility by being called on at once to sign to terms which I knew would be unpalatable to many of my constituents.

But Mr. Arrangoiz not only rejected the *ultimatum;* he intended to take credi to himself with the Chamber of Deputies by laying it before that body, and saying he had had the courage to reject the pretensions of the English bondholders. Such a proceeding would be popular. This called forth my notes herewith, marked Nos. 3 and 4, and dated on the 8th, the day of our interview. The following day Mr. Arrangoiz wrote me (No. 5) in answer, saying he would only give the *substance* of my ultimatum to the Chambers, but refusing to return me the document.

I therefore wrote on the 9th as you will see by my copy (No. 6), and determined at the same time to urge strongly on Mr. Doyle the necessity of his decided support on this occasion. We had two or three articles also inserted in two of the daily papers; the one a ministerial, the other an opposition print, but *both* warning Mr. Arrangoiz of the danger of coming to any rupture with me. Mr. Escandon, too, coming to town and learning the state of affairs, hastened to Mr. Arrangoiz, and warmly expostulated with him on the course of his proceedings. Mr. Doyle took the same course, and all these measures had the desired effect. It was agreed that we should reopen the whole business, and this day was appointed for a new meeting of Mr. Arrangoiz with Mr. Mackintosh and myself.

The result of that meeting has been, that the minister has pledged himself whenever he is authorized by the Chamber, (and I have no doubt he will be,) to dispose of the Indemnification Fund, to appropriate of it from three and a-half to four millions of dollars towards payment of our arrears; commencing with the 720,000 dollars, which, in the first instance, we demanded. Then we are to proceed in our endeavours to adjust the payment of the dividends henceforward, and I have promised it shall be on the basis of the Government not being called on for a given number of years, as we may hereafter agree, to pay *in cash* more than three per cent. per annum. I shall continue to insist on having deferred bonds for the difference, and I have every reason to hope that in so just a demand I shall succeed.

Mr. Arrangoiz and I then agreed to submit to mutual inspection what we should write by this packet *to be given to the public*. I have written to Mr. Arrangoiz, therefore, in terms of No. 7, and I shall let you know ere I close what he answers.

Such is the actual state of affairs, and I coincide with Mr. Doyle and other friends in thinking that all has been done that could be done in the conflicting circumstances in which Mexico is placed. As soon as the packet goes, I shall renew my negotiations with Mr. Arrangoiz, and I have now little doubt that ere long we shall be able to remit the 720,000 dollars, and have a dividend for the 1st of January at the rate of three or three and a-half per cent., but not more. We must take the most we can get till some better development of the resources of this country be brought about.

I have been so completely engaged on this negotiation, that I have not been able to take steps in some other matters which I have now to prosecute;—I mean the cotton licences, the silver duties, the *agencies*, the tobacco monopoly, &c.;—on all which topics I propose addressing you next week by way of the United States.

By this packet no remittance on account of the tobacco monopoly can go forward, the small sum forthcoming having been laid out in some repairs and works, for which we have to claim from the Government: next month a remittance, I expect, will be made.

My last letter from Messrs. Manning, Markoe and Co., is dated 26th ult., when they held a considerable sum in *bills* for account of the bondholders, after paying off the 350,000 dollars, as their quota of the 500,000 dollars received through Baring Brothers and Co. As we have no letters lately from Tampico, I shall write to the agent there next week, insisting on having regular advice from him.

The country continues quiet, although party spirit is running excessively high, and seems every now and then to threaten some collision or other. Don Luis Gonzaga de Cuevas, Minister for Foreign Affairs having resigned, he has been replaced by Señor Lacunza.

I am always, dear sir, &c.,

W. P. ROBERTSON.

George R. Robinson, Esq., M.P.

P.S.—Since writing what precedes, I have had a note from Mr. Arrangoiz, the purport of which you will understand by my answer, copy No. 9.

By the same packet which brought me the foregoing letter, I had two from Mr. Powles, dated 30th and 31st March, which I think it right here to insert.

London, 13th March, 1849.

DEAR SIR,

Since the committee wrote you on the 1st ult., of which letter duplicate was sent by the last packet, they have received *viâ* the United States and Halifax your few lines from Campeachy, dated the 19th of January, announcing the distressing shipwreck of the "Forth" packet on the Alacranes Reefs, and the loss of all your papers.

The committee deeply sympathize with the misfortune which has thus attended your voyage to Mexico, and which, in addition to much personal inconvenience and suffering to yourself, will, it is to be feared, delay the proceedings connected with your mission. The non-arrival of the December packet with the Mexican mails of February keeps the committee in the dark in regard to your subsequent movements.

The committee received by the same opportunity which brought your letter, advices from the agents at Mexico and Vera Cruz, containing satisfactory intelligence respecting the duties accruing at the Atlantic ports. From Mr. Glass no letter has been received.

A further letter has been received by the last American packet from Messrs. Manning and Mackintosh, dated the 13th ult., in which they state that an arrangement referred to by them in a previous letter (which has not yet come forward) may be effected "for the delivery in London of the equivalent of the 500,000 dol-

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lars referred to in that letter." As to the nature of the arrangement referred to, and the source out of which this money is to come, the committee only gather from the newspapers that Messrs. Barings have undertaken to make a payment to the Mexican Government on account of the indemnity money; and they presume that this transaction is connected with that operation.

Enclosed you will find duplicates of all the documents delivered to you previously to your departure, of which you have a list at foot; and with nothing further to add on the present occasion,

I remain, dear Sir,

Yours very sincerely,

J. D. Powles, *Dep. Chairman.*

London, 31st March, 1849.

My Dear Sir,

The Mexican mail has only come in this day, being nine days after it was due. I received by it your letter of the 10th and 12th of February, from Vera Cruz.

You may be assured that your friends here have felt the deepest sympathy with you in the awful trial you have had to undergo since you left the English shores, and that it has been with feelings of the highest satisfaction that they have learnt your and Miss Robertson's ultimate safety.

I am so pressed to-day that I can give you but a few lines. You may be assured that I will take immediate measures to have your wants supplied, and that you shall hear from me fully by the next packet. I am grieved to hear that you had no insurance effected.

Yours very sincerely,

J. D. Powles.

W. P. Robertson, Esq.

To show how our business was at this time working in Vera Cruz, I give the following short letter which I addressed to our friends, Messrs. Manning, Markoe & Co., on the 14th of May.

Dear Sirs,

I have to return you many thanks for your esteemed letters of 12th, 16th, and 26th ultimo; and for your punctuality and attention in forwarding my correspondence, and attending to my other business.

I have to thank you for the details you give me of the state of the funds arising out of the 20 per cent. Fund, and I should have been very glad to have known what the whole produce, by approximation, of the duties in March would be. I hope you will furnish me with this information as soon as possible, and send it also to Mr. Robinson, by the packet. I should also like to know what amount, less or more, you think you may be able to send home by the June packet. It is of the utmost importance that the remittances be resumed, and I know you will give every effect possible to my anxious desires on this head.

I beg to assure you that I am not inattentive to your interests in the agency for the bondholders. I am urging on the committee to obtain from the body at large fuller powers for me, including one to make that remuneration to our agents, to which their services so justly entitle them.

Your remarks on the contraband trade are very valuable to me, and are, of course, held quite in reserve.

My correspondence goes, as usual, one part for Mobile and England, *via* United States; the other, by Southampton direct.

I am, in conjunction with our mutual friends here, making progress in my negotiations with the Government, but you know the difficulty of my task. I hope to get three millions and a half of the indemnity money, and a reduction of the circulation and export duty on silver to 5½ per cent. with an appropriation of the *whole* (east coast and west) to the bondholders.

I always am, &c.,

W. P. Robertson.

Being sincerely desirous of maintaining a perfectly good understanding with Mr. Arrangoiz, whom I now began to know better, and of whose honest intentions I really entertained no doubt, although I felt greatly alarmed by the sinister influence of his immediate connexions, I addressed the following letter to him two days after the despatch of our packet courier; and the following day, in a friendly interview, he expressed himself as much pleased with the tenor of my communication.

(Private).

Mexico, 16th May, 1849.

My Dear Sir,

I have to beg you will consider the present letter, which I take the liberty of addressing to you, as simply between us individually, and as having no official or semi-official character whatever.

I cannot but consider that the business we have in hand ought to lead to a

perfectly harmonious action between us. The common object we have in view is the prosperity and honourable character of Mexico. What Mexico *can* do, you are prepared, as far as in you lies, to see done. What Mexico *cannot* do, I am not prepared to require. As representing my constituents, (for I should be sorry to advance any personal pretensions,) I should be most happy to be serviceable to the country, on suggestions emanating either from you or from myself, the latter always under your approval. But I have no desire to trench, for one moment, on the right, or on the dignity of Mexico. If, *buenamente*, I can assist in placing the financial and fiscal affairs of the commonwealth on a better footing, always with the approbation of yourself and your colleagues, it will be matter of congratulation to me; but beyond the desire of lending a helping hand to the good work of advancing the material prosperity of the country, based on a free, unincumbered, and independent action, I have, as representative of the bondholders, neither the pretension nor the wish.

Under these views I hope we may at all times meet as friends, and, as well-wishers of the country, discuss the important interests which have brought me here. I take it as a matter for granted that all parties in the state are equally alive to the advantages to be derived from a prompt and rational adjustment of the foreign debt of Mexico; and I am firmly persuaded that you especially, with the honourable principles which you take as your guide—the experience you have acquired, and the knowledge of the English character which you possess, are eminently calculated to bring this momentous and pressing business to a prosperous and satisfactory issue for all parties.

I shall do myself the pleasure of calling at your private residence to-morrow, to ratify, personally, should I have the fortune to find you at home, these my sentiments and feelings; permitting myself only further in the mean time to say, that I trust, even should we differ in our financial views, the fact will *not* prove a bar to my counting Mr. Arrangoiz among the number of respected friends I have made in Mexico.

We can arrange to-morrow what further steps we ought now to take in our negotiations.

Believe me to be, Dear Sir, &c.,
W. P. Robertson.

Don Francisco de Arrangoiz,
Minister of Finance, Mexico.

My next letter to Mr. Robinson, subjoined, will show that I had been in daily communication with Mr. Arrangoiz between the 14th and 28th of May, when the breaking up of Congress put an end, for the time being, to our negotiations.

Mexico, 28th May, 1849.

Dear Sir,

I have only time to-day to say to you that, since the departure of the packet mail bags on the 14th inst., I have been in daily communication with the Minister of Finance, and that he adheres to his promise of letting us have from three to four millions of dollars of the indemnity money, and 3½ per cent. on the capital henceforward, without compensation in deferred bonds, for the difference of interest.

In the meantime Congress has been dissolved, or prorogued at least, and will not meet till the 1st of July; so that in the way of giving effect to any arrangement with the Government, nothing can be done till then. I have just come from the Palace, where I have had a long interview with Mr. Arrangoiz. Whenever the Congress approves of our arrangements, I am still assured I shall have the 720,000 dollars promised; and the sum is to be raised by a negotiation of a loan to this amount of the indemnity money due next year.

All the details I reserve for the packet, and, meantime, I am about to prepare another scheme of adjustment for Mr. Arrangoiz, which I am sanguine will conciliate all interests.

I am always, Dear Sir, &c.,
W. P. Robertson

George R. Robinson, Esq., &c.

On the 11th of June I addressed the very long letter to Mr. Arrangoiz which has been published by the committee of Spanish American bondholders in their statement of proceedings in relation to the Mexican debt, and which therefore I need not here reproduce.

I will, instead, give the letter which I received from the committee by the Mexican June packet, dated the 1st of May; and, in continuation, I shall transcribe what I wrote to Mr. Robinson on the 11th and 13th of June, by the packet then about to sail from Vera Cruz.

13, Austen Friars, London,
1st May, 1849.

Dear Sir,

The committee, in their last letter, (of which you will find duplicate enclosed,)

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briefly acknowledges receipt of yours of 10th February from Vera Cruz. On the 24th ult. the Mexican mail arrived, bringing your very interesting letters of 13th and 15th of March, accompanied by the several documents referred to therein.

On the various topics embraced in these letters the committee will now proceed to remark in the order in which they occur.

In regard to the agency at Tampico, you will have learnt from Messrs. Manning and Mackintosh that Mr. Glass, jun., has declined acting any farther on behalf of the bondholders, on account of the extremely low rate of remuneration allowed him by the Mexican Government for collecting and remitting the 20 per cent. of the duties, attended, as that business now is, with so much more trouble than formerly. The committee presume that Messrs. Manning and Mackintosh will be able to arrange with the new vice-consul at Tampico to undertake this duty. The commission is no doubt very inadequate as a mere matter of agency; but the vice-consul would doubtless view the matter as having a connexion with the performance of his official duties.

The committee observe what you say as to obtaining from the government authorities at Vera Cruz and Tampico regular periodical statements of the duties received and accruing at those ports respectively, and they trust your efforts for this purpose will be successful. The committee are very glad to find that the practice of placing in the hands of the agents at Vera Cruz and Tampico the merchants' bills for one-fifth of the duties as soon as the duties accrue, is now in regular operation. It gives a great additional security to this specific assignment of revenue, any attempt to interfere with which the British Minister in Mexico would certainly be justified in resisting by every means in his power, on behalf of the bondholders.

Your application to Mr. Doyle, in respect of the silver duties on the west coast, and his reply, are very satisfactory. You will have learnt from Messrs. Manning and Mackintosh that a small remittance from the port of Guaymas on account of this branch of Mexican revenue is coming forward. The bondholders' proportion of these duties, it appears, is 97 per cent. The committee quite approve of your recommendation to the Government to lower the duty to 3½ per cent. The committee trust that the new agents appointed by Messrs. Manning and Mackintosh will exert themselves vigorously to secure the regular payment of these duties, whatever the per centage which may ultimately be imposed. Means will be taken on the arrival of ships of war here from the Pacific, to see to what extent the payment of this duty has been enforced.

In regard to the cotton licences, the committee doubt not the Government will meet you fairly in putting them on such a footing as will enable Messrs. Manning and Mackintosh to realize them. You will see by what is written to those gentlemen by this mail, that when these licences were placed in their hands there was a distinct understanding that if the Government should issue other licences at lower terms, the rate of *these* licences should be lower also. In fact if such had not been the understanding or the intention of the Government, the licences could have no value from the moment that the Government should either issue other licences at a lower rate or lower the duty.

Regarding the payment of the 500,000 dollars by Messrs. Baring, you will observe the remark made thereon in the enclosed copy of the committee's letter by this packet to Messrs. Manning and Mackintosh.

The committee come now to that subject which forms the main object of your mission, the endeavour to procure from the Mexican Government a recognition of the bondholders' right to a portion of the American indemnity money.

Nothing could have been more satisfactory as preliminary to a favourable progress in this negotiation than the reception which you met with from the Minister of Finance, and the several conferences which you have held with him. It appears evident indeed that, whether from a sense of the importance attached by the Government to the character of your mission, the prestige with which your credentials from the British Government invest you, or from a highly honourable feeling for the sufferings and forbearance of their foreign creditors; the Government of Mexico appears to have shown a disposition alike creditable to itself, and encouraging to the bondholders.

In regard to the *amount* which you propose should be assigned by the Government out of the indemnity money, viz., 2,000,000 of dollars, you have no doubt fixed on that sum after a due consideration of the present resources of

Mexico, and the committee will not at present enter into that part of the subject. It is quite apparent that, as regards the *executive*, the principle of making *some appropriation* from that source is nearly, if not entirely, admitted, and a promise given by the minister to take steps for procuring from the Legislature the entire disposal of the sum still owing by the Americans. The project of law presented to the Congress, the committee hope will be passed by that body.

You will not fail in your communications with the Government to advert to the consideration that the bondholders are entitled, on the principles of international law, to receive a portion of this indemnity money, the grounds of which are clearly stated in the opinion of the Queen's Advocate General, and Dr. Robert Phillimore, of which you have a copy.

It is well here to remark that there has lately been published in the newspapers a copy of a circular letter issued by Lord Palmerston to all the Queen's ministers at foreign courts, at which there are any claims of British bondholders pending. I send it you enclosed. The committee need not remark on its importance.

The committee have certainly no desire to see anything like coercive action brought to bear on the Government of Mexico; they would rather see that Government influenced to do what is right by the principles of justice and good faith. But there can be no doubt that if some appropriation is not made by the Mexican Government out of the indemnity money, the British Government will feel itself bound to interfere. It would be a flagrant violation of good faith, it being manifest that these forthcoming sums are an entire addition to the ordinary resources of Mexico; and that (to quote the committee's letter to Lord Palmerston in October last) "inasmuch as the general security of the bondholders on the entire resources of the republic is weakened by the cession of California, they have an equitable claim to indemnification for that dimimished security."

Your observations in regard to the embassy here, as well as those on the proceedings of the house of Lizardi, are duly noted. The committee are very glad to find that you have had reason to be well satisfied with Mr. Mackintosh, and still more so that you are enabled to speak so decidedly to the honourable bearing of Sr. Piña y Cuevas, the Finance minister.

It is unnecessary for the committee to repeat the points insisted upon in the instructions placed in your hands on your leaving London. They are persuaded that everything which zeal and ability and good management can accomplish in this important business will be effected by you.

The committee were much concerned to find by your letter from Vera Cruz, as also by a private letter which you had addressed to the deputy-chairman, that in addition to the inconvenience, suffering, and delay caused by your shipwreck in "The Forth," you had lost much of your personal property. The committee will take measures for submitting to the bondholders the expediency of providing for your mission in such a manner as they doubt not will be satisfactory to you.

I have the honour to be, &c.,

G. R. Robinson.

Mexico, 11th June, 1849.

Dear Sir,

As the legation courier, we are told by Mr. Doyle, must start on Wednesday morning, the 13th, with our correspondence for the packet, I commence my letter to you, although with the unsatisfactory feeling of being obliged to do so, in the absence of your correspondence by the packet of 1st of May, now overdue, and for which we have been looking with anxiety for two days past, and now expect every hour; but Beraza, the courier, does not make his appearance, and I must say it appears to me, as to every one else here, that I have seldom seen any business so injudiciously managed as the Royal Mail Steam Packet Company's Mexican line of steamers.

You may easily imagine that after all the truncated accounts which I have been seeing by newspapers and advices (to others) *via* New Orleans from London, dated from 5th April to 4th May, I am particularly anxious to have my own letters, and to know the real state of affairs in London on the Mexican bond question. And I may just mention here, to show the necessity of the committee keeping me advised *via* New York of what passes, that lately Mr. Arrangoiz, the minister, produced to me two or three letters, which he had received of nearly a fortnight's later date than that of my own advices. This is very awkward, for certainly the Government ought not to be ahead of me in a knowledge of what is passing, in regard to Mexico, at home.

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I am above all anxious to hear that you have received my March letters, with Sr. Piña y Cuevas' order to Messrs. Jno. Schneider & Co., to pay a half-yearly dividend; for the announcement issued by these gentlemen not only displeased the Government, but has caused much pain to many of their best friends here.

Although I addressed you (No. 11) on the 28th ult. *via* United States, I shall here take up the thread of my story from the 12th, when I wrote to you in detail by the last packet, and which sailed on the 17th from Vera Cruz.

Some reports having reached my ears that Mr. Arrangoiz fancied that Mr. Mackintosh and I were prejudiced against him, and that we put forward claims and pretensions which were at variance with the dignity of the country, and with the respect due to himself as minister, I thought it right to address to him the private note, No. 2, herewith. The minister had no further foundation for his allegation, than such as his own feelings had raised, and I was resolved, as far as I was concerned, to remove any obstacle which might spring from mere imagination, or a totally misconceived interference with a minister's *amour-propre*.

Not having found Mr. Arrangoiz at home on the 17th, I went to the Palace on the following day, when he received me very cordially, and thanked me for my letter. But I now found that Congress was about to be prorogued to the *1st of June*, and that we could advance no further till after the re-assembling of the chambers. Next day I found that the Congress could not meet till the 8th, and waiting on the minister he confirmed the fact, expressing his regret that it was so. Next, Mr. Doyle told me that the legislature would not re-open till the 1st of July, a fact which Señor Arrangoiz also confirmed; and I now began most seriously to fear that a scheme to throw us over altogether till January was on the *tapis*. On the 20th, therefore, I once more waited on Mr. Arrangoiz, and begged him to tell me, as a mere personal favour to myself, whether the chambers were to be called together on or before the usual period of January. I told him that in such case my desire was to go to England at once, and return before January. You will observe that the meetings of Congress are regulated and prescribed by the "Consejo del Gobierno," a sort of privy council, and not by the president; so that the minister had this loop-hole at which to creep out. But he assured me the "Consejo" had definitively fixed the 1st of July for the re-assembling of the Congress, and that he was prepared *on that day* to submit to it his plan for a settlement of the foreign debt. He could not possibly, he said, do without the 720,000 dollars which he had agreed I should have of the indemnity money; but he assured me the moment he had the requisite power from Congress, he would raise the amount in question by loan, guaranteed by the next indemnity payment, and so make good his engagement with me. Having his *written* acknowledgment to the same effect, I saw there was nothing for it but to postpone the whole business till the 1st of July; and although I tried again on the 27th, the day after the rising of Congress, to get Mr. Arrangoiz to come to definite terms, (see my note to him No. 3,) he declined doing so till he had the authorization in his hands.

We came, however, to this agreement, that I should place in his hands, before the meeting of Congress, a scheme for a general settlement of the business we had on hand, in the understanding that if not accepted and approved by the executive, my propositions should at all events be laid before the chambers of deputies along with the Government project for a final arrangement, leaving the house to decide which was to be accepted, and which rejected, or to form a plan of its own for my consideration.

Having come to this conclusion with Mr. Arrangoiz, and having ascertained to a certainty, through several friends, who are leading members of the chambers, that they would assuredly meet on the 1st of July, I resolved to wait as patiently as I could for that day, towards resuming my operations with the Government.

It was my intention, after spending a few days at Mr. Escandon's country house, where I was to meet several influential friends, to dedicate eight or ten days to putting into order various matters affecting my mission, as the agencies on the west coast and at Tampico, the cotton licences, the suit against Messrs. Lizardi's house, &c.; but I was taken unwell at Mr. Escandon's house, and I continued so indisposed after my return to town, that I was unable to attend to business of any kind till the 7th inst., when it was time for me to commence preparations for our monthly packet.

My first work was for Mr. Arrangoiz, and you will find the result of my labour in the enclosed copy of my very long letter to him, which, with accompanying

documents, I shall be able to send to him before the packet sails. I very sincerely trust the committee will approve of the propositions I have made, and leaving my letter to speak for itself, I will here add the one great *practical* inducement I had for making, or at least proposing, new concessions.

In the memorandum which the committee handed me, showing the history of the Mexican foreign debt since 1837, I find that the bondholders received altogether in cash and certificates from 1837 to 1849 . . . . . £770,760
Add the dividend now in course of liquidation . 256,041

Total in cash and certificates in 13 years . . . £1,026,802

If my propositions are accepted, the bondholders receive of indemnity money six dividends of 3½ per cent. each, less 256,041*l.*, now in course of payment, about £820,000
7 years' interest on 10,241,650*l.* at 3½ per cent. per annum, about 2,510,000

Total cash in 10 *years* . £3,330,000

which would be a great improvement, in the ten years, over the melancholy thirteen which have preceded.

The fact is, I do not believe Mr. Arrangoiz will accept my terms, as I have stated them. Our battle, I fancy, must be fought in Congress, where I am endeavouring, as much as possible, to strengthen our hands.

13th June.

Yesterday evening the packet letters arrived here, and I had the pleasure of receiving yours of the 1st ult., with enclosures in order. The short space allowed us (till to-morrow morning) for our return correspondence must be my excuse for answering your letter shortly, but I shall again address you soon by the way of New York. Allow me to observe, *en passant*, that when you write by way of the United States, you will put your letters to me, *under cover*, to a house in Boston or New York (in the latter case to Messrs. Goodhue and Co.), writing under the address to me, *via New Orleans*, otherwise the letters are kept for tardy and uncertain transmission by a sailing vessel direct to Vera Cruz, which wholly nullifies the object in view—viz., early advices.

I reserve for my next a complete *exposé* of my views about the "agencies" of the bondholders. The principle and working of them must undoubtedly be changed. The question of the agencies will include that of the silver duties; but in the meantime let me express the satisfaction I feel in being able to announce that the whole duty is now reduced from 10 to 5½ (erroneously 5) per cent., being 2 per cent. circulation duty, and 3½ export. I have never ceased to argue here for the measure, and I rejoice that it has passed, for it will have a most important bearing on the interests of the bondholders.

On the cotton licences I shall also write to you in my next. The fact is, I am keeping back the question till the *principal* negotiation is settled, because then we shall get the produce of the cotton licences, *in addition* to an appropriation of the indemnity fund. What you say regarding this latter and vital part of my mission is anticipated, by what my previous letters and the first part of this contains.

I am happy to see that Lord Palmerston's circular (which you enclose) has been published. It comes to me opportunely; and as soon as the packet goes, I shall translate it, and have it inserted in the *Globe*.

I pray you to endeavour, on your side, in a perfectly friendly spirit, to urge on Lord Palmerston to *encourage* Mr. Doyle to help me. The latter hesitates to act in almost any way from a total absence of instructions. As mere Chargé d'Affaires he cannot be expected to take any responsibility on himself.

It affords me the greatest pleasure to presume, from your concluding page, that the committee are satisfied with what I had done so far, and that they rely on my zeal and management for the future. As far as zeal goes, my colleagues may depend on my not slackening my pace; and I sincerely trust that the success of this arduous business may prove I have put forward, for the benefit of the bondholders, whatever abilities I may possess in the unenviable line of Spanish American diplomacy and statesmanship.

With regard to the expenses attending my mission, I shall address you separately.

My last detailed letter to you was No. 10, by last packet; No. 11 was a short one, *via* United States, informing you of the dissolution or prorogation of the Chambers, and of my proposed proceedings.

You will receive from Messrs. Manning and Mackintosh, as well as, I suppose, from the house in Vera Cruz, statements of recoveries and balance coming to us, not yet realized. It amounts, in Vera Cruz, to somewhere about 220,000 dollars, (I have not the statement before me at this moment,) of which I believe you will receive, at any rate, 20,000 dollars by this packet, being proportion of circulation and export duties, and part of the import duties may also be collected and remitted. We have also a detailed account of the 150,000 dollars completed, in Tampico, of payments made there, to wipe off their quota of the 500,000 dollars remitted through Baring Brothers and Co., so that thence also you will begin to receive remittances, it may be, by this packet. An abstract, showing the monthly payments made of the 150,000 dollars above, goes to you from Messrs. Manning and Mackintosh by this packet. From the tobacco monopoly there is still no realized, at any rate, no tangible return to be remitted this month. So, I fear, the remaining fourth of the dividend announced (to the extent of three-fourths) by Messrs. Schneider and Co. is still outstanding, which I consider extremely unfortunate.

I enclose copy of a letter, which I addressed to Mr. Falconnet, agent of Messrs. Baring Brothers and Co., but no embargo was attempted.

The present ministry is very weak, but there is a great want of other public men to put in their place. The Indians continue to rise, and we hear many forebodings of much mischief to the country in consequence.

Exchange is 46, having risen in consequence of the lowering of the duty on silver.

I am always, &c.,
W. P. Robertson.

George R. Robinson, Esq., &c.

P.S.—I keep Mr. Doyle acquainted with all my movements, and send him copies of all my official papers and correspondence.

I had again, by the English packet of the 1st of May, a letter from Mr. Powles, of which the following is a copy:—

London, 1st May, 1849.

My Dear Sir,

I wrote you a few lines by the last packet, and have now to acknowledge yours of the 15th March.

Your whole proceedings appear to me perfectly satisfactory. You could not have done more in the time than you have done. I am greatly pleased to see the spirit in which the Mexican Government has received you.

I was quite sure that you would have a satisfactory reception from Mr. Mackintosh, and most able co-operation in all that you have to do.

I have brought before the committee the consideration of sending you a further credit. I wished to have done so by this mail, but the chairman was of opinion that we ought first to have a specific authority from the bondholders to make an appropriation out of the dividend. This could not be done in time for the present mail. Indeed I think the best time to call the bondholders together, and get the authority, would be when the actual payment of the dividend is advertised. At present it is only a payment on account. However, in one way or another we will get it done. Meanwhile, I have written by this mail to Mr. Mackintosh, to say that he will be perfectly safe in letting you have what you may require for your immediate need.

Your letter has not appeared *in* the "Times," nor has it been sent to me. They may perhaps be waiting an opportunity to get it in, for there has been a great press of matter of late.

Yours very sincerely,
J. D. Powles.

P.S.—The chairman of the committee remarked, that on reading your letters, he could not find any application in them for a further credit. Why did you not mention it in your official letters?

On the 23rd of June, as the re-assembling of the Congress drew nigh, I addressed a note to Mr. Arrangoiz, requesting an interview with him on the subject of my letter of the 11th of June, and to this he returned an answer the same day, stating that the documents I had sent him being of great extent, they were still under translation, and that when finished they would be laid before His Excellency the President, whose determinations thereupon would be duly communicated to me.

Feeling alarmed that new delays might arise, and having for some time, from other considerations, been inclined to avail myself of the services of a palace broker, I now came to the conclusion that it would be for the interest of the bondholders to employ Mr. Olarte, of

whom mention has already incidentally been made. Although I could not allow him to act as the representative of the minister, shutting me out to a certain degree from a personal and immediate intercourse with the executive, I felt that Mr. Olarte, as my representative, when I wished to call him in, might be of very great service to me. I had made his personal acquaintance, and the good opinion which I gradually formed of his talents and integrity has, in no one instance, up to this time, been belied.

I accordingly placed my letter of the 11th of June to Mr. Arrangoiz, in Mr. Olarte's hands; explained to him fully all my views, and engaged his assistance in bringing the whole question to a conclusion.

For nearly a fortnight, Mr. Arrangoiz, Mr. Olarte, and myself were daily and anxiously engaged in bringing our negotiations to a term; and, indeed, on the 30th June, they had advanced to the point indicated in the following memorandum and letter addressed by me to Mr. Olarte on the 30th of June.

Memorandum for Mr. Olarte.

Mexico, 30th June, 1849.

I understand that the Minister of Finance accepts the propositions which I made to his Excellency, in my official letter of the 11th instant, with the following modifications:—

1. That the term for the fixed payment (saving the reserve which I make in my fourth note) of the three and a-half per cent. per annum of interest on the foreign debt, instead of the five per cent. which it at present legally gains, shall be extended for three years more, or say to the 1st of July, 1859.

2. That the difference of interest from the 1st of July, 1846, to the 1st of July, 1859, at the rate of one and a-half per cent. per annum, or together 19½ per cent. of interest shall be ceded absolutely to Mexico, and without giving rise to any posterior claim on the part of the holders of bonds of the foreign debt.

3. That the Government cedes to the said holders the entire duties of circulation and exportation on silver in the whole republic, and in all its ports, in order that the said duties be applied to the payment of the dividends and sinking fund of the exterior debt.

4. That in the understanding that the cession for 13 years of 1½ per cent. per annum of interest on the said debt, exacted by the Government from the bondholders, is enforced, because the country, much as it *wishes*, *cannot* fulfil its engagements to their whole extent; it will be stipulated, that should the public revenue of the country increase to such a degree, as to render the parts separated for the bondholders, progressively and annually, more than the 3½ per cent. of interest agreed upon, as mentioned above, jointly with the fund to be applied to the sinking of the principal, in such case the surplus shall still go towards augmenting the 3½ per cent. agreed upon, till it reach, should the revenues permit, the original 5 per cent., the surplus from this point remaining at the disposal of the Government.

I agree to these conditions, should the Government insist on them, but I think that, for the difference of interest, the best plan, and the most conducive to this country, would be to defer the payment *sine die*, and not to annul it entirely.

(Signed) W. P. Robertson.

I would particularly call Mr. Olarte's attention to the two following notes.

1st. On the overdue dividends.

	£.	s.
The 3½ per cent. per annum for six half-yearly dividends overdue till the 1st of July, 1849, make 10½ per cent. on the capital of . .	10,241,650	0
Being	1,075,373	5
Deduct amount paid in London .	256,041	5
	839,332	0
The 4,000,000 dollars of the indemnity, which shall be paid to the bondholders, at the exchange of 46, make	766,666	0
There remains a deficit of . .	£52,666	0

The Government, in payment of monies which, although belonging to the foreign creditors, were abstracted from the customs of Tampico and Vera Cruz, gave licences for the introduction of cotton, but with the obligation, always to bonify the amount of 680,000 dollars, should the licences not be realized. These have not been sold, and I propose that the holders take them on account, relieve the Government from the payment of the 680,000 dollars, and at the same time cancel and annul the said deficit of 52,666*l.*

Should this operation be realized, it must be understood, and should be stipulated, that the Government shall not issue any more licences for the introduction of foreign cotton.

2nd. Touching the new loss to the bondholders by the present arrangement of the debt.

claims which temporarily reduce the amount to something like *nil*. For next month's packet, Mr. Mackintosh has promised me the details of the tobacco revenue for the first quarter of this year.

Of the silver duties I shall have to speak in detail presently; so of the cotton licences.

Having glanced at the principal points of your letter, I must now proceed to say that such and so varied have been my occupations since the 20th ultimo, up to the hour of the packet sailing, I fear it will be impossible for me to give you such a detailed and coherent account of the important matters which engross my whole thoughts and attention, as I could desire. As far as I can, I shall give you an outline of the whole, leaving for an early opportunity, *via* United States, to amplify and correct such details as I am now able to give you.

By the last packet, I sent you copy of my long letter of 11th ultimo to Mr. Arrangoiz, and I doubt not it has had all due consideration on the part of the committee. Ten days after writing that letter, I made up my mind to employ Don Ramon Olarte, a palace broker, as a medium of communication between Mr. Arrangoiz and myself. It was this Mr. Olarte, of whom I have spoken to you in my No. 8, 21st April. He is an intimate friend of Mr. Arrangoiz, and possesses great influence with him. The relative position of our mutual friend Mr. Mackintosh, and the Minister of Finance, would not allow of the former taking any ostensible part in the negotiation; and he did not, I am bound to say, approve of my proceeding at all with the present ministry, through Mr. Olarte. On my own responsibility, however, I determined to move, having always the support and friendship of Mr. Mackintosh to depend upon, even although we might differ somewhat as to the best mode of arriving at our common object.

I called, therefore, on Mr. Olarte, and engaged him in the business. I agreed to *secure* to him one-half per cent. on such portion of the indemnity as we might recover, and to increase his brokerage to one per cent., should I make, through his intervention, an agreement or arrangement with the Government to my satisfaction.

I will not detain you with—indeed I have not time to dwell upon—all the difficulties which successively arose in our endeavours to arrive at such a final convention regarding the exterior debt of Mexico as I believed would be carried here, and would be acceptable to the bondholders. Never was a more arduous or difficult task undertaken, considering the discordant elements which I was forced to blend into one. Suffice it to say, that after a fortnight's patient labour and anxious consideration had been exhausted in our negotiations with the executive, Mr. Arrangoiz and I finally signed, on the 7th inst., the convention, which both in Spanish and English, I now transmit in copy.

The executive believed that they could secure the ratification of the settlement by Congress, and I made no doubt that, after due explanation, it would at once be accepted by the bondholders in London, as the very best bargain which could be made for them with Mexico, in her present state.

Mr. Mackintosh entirely approved of the terms which I obtained, as did Mr. Doyle, Mr. Escandon, and other immediate friends, while I may safely aver that the public at large was surprised to find their universal anticipations of the total failure of my mission thus contradicted by the event. And on all sides, the convention was characterised as highly favourable for the bondholders, even after all the new sacrifices I made.

My undeviating object has been, to make a convention that could be practically carried out in its details. To attempt this with a continuation of the *nominal* payment of the five per cent. interest, was wholly and totally impracticable. Hence the concession which I have, in this respect, made, for the ten years stipulated.

As soon as the terms of our convention were known, and indeed *before* we had concluded, I fancy, the opposite party was enraged beyond bounds; and the moment the deed was signed, they began their machinations to defeat us in Congress. The consequence has been, since Monday the 9th, a sort of crisis in public affairs, which has ended, for the present, in the absolute resignation of Mr. Arrangoiz, as Minister of Finance. He has been accused of having been corrupted by English gold; and, as far as I can see, nothing will induce him to remain in office.

Meantime, I have, with my friends, been working, I may say, night and day, to influence the ratification of the convention in the Chamber of Deputies; and, although our enemies have many and most *unscrupulous* supporters there, I have every reason to believe success will be on

our side. Mr. O——, the most powerful of these enemies, is influencing the senate also, to reject the agreement, he himself being a senator; but if the chamber support the executive, the senate, I think, cannot withstand public opinion. In the chamber we have almost all the respectable party with us, particularly Mr. Cauto, the president, a man who, for his integrity and abilities, stands higher than any other in the country; and the three members of the committee of Public Credit, all respectable men, are with us, and will report favourably, I hope to-morrow, on the convention. I am to have a conference with the committee within an hour of this time, and I shall let you know the result before I finish. I had also a most satisfactory interview with Mr. Cauto yesterday; and, indeed, I am becoming favourably known to many leading men here, the L—— party always excepted.

I wish the question to be amply discussed by the public press; for the more the business is comprehended, the more reason we shall have to anticipate a triumph. Three of the principal papers have ranged themselves on our side; and I expect the "*Monitor*" of to-morrow will contain a very able article written by my friend ———. Mr. Doyle is exerting himself, although scarcely recovered from a very dangerous illness, with energy on our behalf, and Mr. Mackintosh is taking every step to secure our success. In short, we are leaving nothing undone; and for the honour of Mexico, as well as for her own good, it is to be hoped, as we expect, that the contract will be ratified.

As we cannot, however, be absolutely certain of success, I have made up my mind as to the course I shall take, should the convention be rejected by Congress. I shall immediately apply to the Supreme Court of Justice for an order to oblige the executive to pay the full amount of the *arrears* of interest which form now a simple debt of the Government to the creditors, *unconnected with the bonds*. I have not the least doubt that such an order I shall obtain; and I intend to apply, by three separate petitions, for each year's arrears, with interest thereon till the date of payment. We cannot sue in this country for compound interest; and we must content ourselves with applying for simple interest on the whole debt, as each portion falls due. But by applying for one year's dividends in each petition, we shall lay the foundation for yearly applications in case of need hereafter, which will, doubtless, be supported by H. M.'s Government.

Accordingly, I call your earnest and immediate attention to the enclosed copies of my letter to Mr. Doyle of 11th, and his answer of yesterday, regarding my proposed proceedings with the Supreme Court. The committee ought not to lose a moment in waiting on Lord Palmerston, and getting him to send out his instructions to Mr. Doyle by the way of the United States in order to lose no time here.

In speaking of this convention, I omitted to say that I have obtained, in a somewhat indirect and not apparent manner, a considerable advantage beyond the four millions and a half of dollars. The proceeds of the cotton licences, (a small sum however in comparison to what they represent,) will go to the bondholders, to augment the back dividends, and not to the Government's credit, as funds against dividends falling due hereafter. I expect to realize from the sale of these licences from 40,000*l.* to 50,000*l.*, selling them now, so that if we have considerable expenses to pay here, as we shall have, the bondholders will, at any rate, receive their four millions and a half of dollars free, and something above. The licences are a most precarious property, and we must get quit of them immediately for what they will bring. They are nominally worth 2 dollars per quintal, (costing 4½ dollars,) but we could never sell our large quantity at anything even like 2 dollars. However, I quite agree with Mr. Mackintosh; our plan is to get quit of them, for a new regulation may annihilate them altogether.

Of the contract at large I need say no more till we find whether it be ratified or not.

I have come a short time ago from the Committee of Public Credit, where I was received very well. I dwelt for half-an-hour on the business, entering into all its details, and particularly into the great concessions which the bondholders had made, and the losses to which they had from time to time submitted. I read to them what you say in your last letter on this subject, and showed them that I was in the predicament of carrying a contract which was distasteful to both parties. I expatiated in warm terms on the disgrace which would accrue to Mexico if the contract were not ratified, and I showed them how grateful they ought to be for the gracious forbearance of their creditors. I also mentioned frankly all I was going to do if the con-

[illegible] was not ratified. I made my impression, and received [illegible] assurance from Mr. [illegible] that the committee would support the convention.

I have now to call your attention to another most important matter, and I have not the least doubt that what I have done in it will meet with the entire approbation of the bondholders.

Mr. [illegible] with the proceedings of Messrs. [illegible] Schneider and Co. [illegible] the [illegible] with the [illegible] of the President [illegible] to remove the Mexican agency from [illegible] the six months [illegible] and he [illegible] Mr. [illegible] as Mexican agent [illegible] months.

When my [illegible] contract was [illegible] agreed with the Minister [illegible] he had removed the agency from Messrs. Schneider and Co. [illegible] special [illegible] of the Mexican Government. My reasoning on the matter satisfied Mr. [illegible] that Mr. [illegible] would not be the recipient of bondholders' funds [illegible] the special contract regarding the agency, which I now transmit. It provides that all funds are to be remitted direct to the Bank of England, for the sole and inalienable purpose of paying dividends on the Mexican [illegible] and that a representative of the bondholders and Mr. [illegible] jointly shall order the payment of the dividends. I feel assured that this will meet the views of my constituents at large, and I am glad that this arrangement is made, though you will please understand that I should not have considered myself as in any way authorized to interfere with the rights of Messrs. Schneider and Co., and I beg that they may distinctly be told that the removal of the agency from them has been entirely and exclusively the work of the Government.

You will see by the contract that it will be at the bondholders' option to distribute whatever [illegible]

Mr. [illegible] personally [illegible] Government [illegible] Mr. [illegible] and the representative of the bondholders [illegible] the Bank of England or otherwise. Mr. [illegible] will be found to be a reasonable and proper person to deal with.

My arrangement [illegible] some minor points [illegible] to the payment of the dividends due the 1st of January next. [illegible] postponed [illegible] three months [illegible] But at the end of June [illegible] dollars [illegible] 95,994 dollars [illegible] Then my arrangements have [illegible] the three mines, for [illegible] till the contract is ratified. The tobacco is [illegible] so we must look to our two great sources of [illegible] and three mines. [illegible] the tobacco will come in, and in the meantime I have no reason to doubt that the 30 per cent. and the [illegible] and three will yield at any rate two millions of dollars yearly.

I [illegible] may [illegible] several other points wanting explanation and arrangement [illegible] will [illegible] as soon as the contract is ratified.

[illegible] have here mainly to state, in return to my present operations, that Mr. [illegible] agent and representative of Messrs. Baring Brothers and Co., having left for the United States and England, to take his passage by the Great Western steamer, he offered in a very handsome and friendly manner to be of any service in his power which might forward the interests of the bondholders.

I have therefore agreed with him that he shall remain for a short time at Washington, to ascertain, in case of the ratification of our contract, how far the three payments of the indemnity money can be at once secured to the bondholders, and placed beyond the risk of eventualities between the United States and Mexico.

Mr. Falconnet will use his influence quietly, to bring about a friendly desire in Washington to meet the views of the bondholders as far as possible; and he will endeavour to engage Mr. Crampton's friendly co-operation in the matter. Mr. Arrangoiz writes privately to the Mexican minister, Rosa, to the same effect, desiring him to communicate and co-operate with our minister and Mr. Falconnet.

Then, if Mr. Falconnet can go on to England without much loss of time, he will immediately meet you and the committee; and being acquainted with every step I have taken; having had an opportunity of seeing all the machinery I have had to work with, and having indeed, on various occasions, lent me valuable aid latterly, in carrying out my plans; he can, as well as I could myself, explain the whole course of my operations, and the motives and causes which have led me to my final arrangement.

I may yet have the ratification of our contract before Mr. Falconnet leaves the United States, and I shall be very happy if he should be the bearer of it.

I am always, &c.
(Signed) W. P. Robertson.

Enclosures.

No. 1. My number 14.
2. „ „ 15.
3. „ „ 16.
4. „ „ 17, duplicate.
5. Convention with Mexican Government (English).
6. Ditto ditto (in Spanish).
7. Agreement on agency.
8. Mr. Arrangoiz's letter on ditto.
9. Copy of my correspondence with Mr. Doyle.
10. My letters to Arrangoiz and Garcia del Rio.
11. Copy.—My letter to Sanluier.
12. Cuttings from newspapers; articles on foreign debt.
13. Convenio, printed, taken from the Siglo 19.
*14. Project for the arrangement of the Interior Mexican debt.

Mexico, 14 July, 1849.

Dear Sir,

I send you to-day ample despatches by the packet, to go by way of New York, and I am sorry time does not permit me to send you duplicates now.

The substance of my communications you will gather from the enclosed copies of the two agreements I have made with the Government here, both of which I hope you will consider as highly favourable to the interests of the bondholders. The principal one requires ratification, and we are straining every nerve to procure that immediately. With the removal of Mr. Schneider I had not the least connexion, neither Mr. Mackintosh; it was an act *entirely* of the Government, and consummated before we had the least notice of the proposed alteration.

I have sent you a telegraphic notice of the agreement being signed.

As I learn from Mr. Powles that you will have, by the time you receive this, obtained a grant of 6*d.* per pound for the expenses of my mission, I beg you will hold 300*l.* at the disposal of my son, John P. Robertson, now in London.

I write in great haste, and am always
Yours, &c.,
(Signed) W. Parish Robertson.

G. R. Robinson, Esq. M.P., Chairman of the Committee of South American Bondholders, London.

I also wrote to Mr. Falconnet by the July packet, as well as to Mr. Powles; and I think it important here to give my letters to them.

Mexico, 13th July, 1849,
½ past 11 night.

My Dear Falconnet,

The contract business has so completely engrossed my time and attention, that I was not permitted to sit down to my heavy correspondence till late to-day, so you may fancy the "apuros" I am in.

I enclose my letters for Messrs. Robinson and Powles open for your inspection. Pray read them, take notes of what I say to Mr. Robinson, and then forward them, *via* New York or Boston.

I have been so explicit to Mr Robinson about your operations, that I need not tire you with repetitions here. I hope Mr. Arrangoiz has written to Rosa as he promised. He (A.) is, to-day, fairly out of office.

I most sincerely trust that business and inclination will prompt you to an early return to England; and I enclose a letter of introduction for my son John.

We are yet in a thousand doubts about the fate of the convention. We think it will certainly pass the Camara de Representantes, and that we shall have to fight our battle in the Senate.

* I have just got this document, and have no time to translate it.

Mr. Arrangoiz refused to have any *house* in London for the agency; and, therefore, I have made a satisfactory arrangement with him, based on all funds going to the Bank of England. If I can, I shall send you a copy of the convention.

I have to request that you will send a telegraphic communication to New York or Boston, to the following effect:—

"You will please write by the first steamer to G. R. Robinson, Esq., M.P., chairman of the committee of Spanish American bondholders, informing him that Mr. Robertson has made a convention with the Mexican Government, whereby the interest on the debt is reduced to 3½ per cent. per annum, for ten years; in compensation for which the bondholders are to receive four millions and a half of the United States indemnity money, against and in full of overdue dividends; and a further security in revenue (silver duties throughout the Republic) of 100,000*l.* per annum. A second agreement provides for a change of the agency in London, from Messrs. Schneider and Co. to the Bank of England, to which all funds for dividends, *and no other purpose*, will be sent direct: payment of dividends, under the joint orders of the Mexican agent and committee of bondholders. This agreement is *now* effective and complete; the convention still wants the ratification of Congress, which we hope to obtain, and that of the bondholders.

Mr. Robinson's address, No. 13, Austin Friars, London. Messrs. Manning and Markoe will pay the expense.

Mr. Facio, the new Mexican agent, will be your fellow-passenger from Vera Cruz.

I am, &c.,
W. P. Robertson.

Mexico, 13th July, 1849.

My Dear Sir,

I am extremely obliged to you for your kind letter of 30th May, with the accompanying copy of one signed by many leading bondholders, agreeing to the appropriation (or proposal for it) of sixpence per pound towards supporting the Mexican mission. Accept of my best thanks for this proof of your kindness, which I hope will by and by relieve me from much inconvenience.

By this packet I write to you and to others in a great hurry, for up to the hour almost of closing our letters, I have been kept in a perfect turmoil with the contract which now goes forward. I have no time to say anything about it here, but I refer you to my long letter to Mr. Robinson, and if my friend Falconnet goes home immediately, he will give you many particulars and details curious enough in themselves.

I most sincerely trust our contract will be ratified here. I cannot suppose, for a moment, that if it be, the bondholders will not also ratify it. It is here looked on as a most prodigious success on my part.

The most important part of my communication now is that which relates to the appointment of a permanent commissioner. Such an appointment is *indispensable;* and I do hope the bondholders will allow my son to come out to me as the said commissioner. I could put him in the way so well, *at once*, of understanding all he had to do. You see I have worked hard, and am still working hard for the bondholders, and they owe me a good turn in compensation, more especially as what I require *cannot fail* to redound most eminently to their own advantage.

I turn with pain to one part of the arrangements entered into—the removal of the agency from Messrs. Schneider and Co. to the Mexican Government's own agent, Don F. Facio, going to England by this packet. I have only to assure you, that this act has emanated exclusively from the Government, neither Mr. Mackintosh nor myself having had the slightest intimation of the change till after it was decided on and accomplished.

I then objected vehemently to Mr. Facio's acting exclusively as the Mexican agent; and thence has arisen the contract which I have made with the Government for the funds going to the Bank of England, as stipulated in the said contract.

I have time for no more. I shall write again soon, *via* New Orleans, and meantime remain, &c.,

W. P. Robertson.

John D. Powles, Esq., London.

I think it not unimportant here to give a letter which I received early in July, from a Mr. Saulnier, together with my answer to the same. I do not think myself that anything would be attained by acting on Mr. Saulnier's proposal: at the same time it is right that the bondholders should see that such a pro-

posal was made. I may add, that I saw Mr. Saulnier in New York, and promised him that I should lay his proposal before the bondholders.

New York, 20th June, 1849.

SIR,

Having applied in London in May, 1849, to the committee of Spanish American bondholders, to issue to me a power of attorney, to adjust with the United States treasury the claim which I consider the holders of the Mexican bonds possess against it for one-fifth of the amount of import duties its agents collected at Vera Cruz and Tampico in 1847; I was answered by Messrs. Stokes and Hughes, of London, who made the application for me, that you possessed authority in relation to all matters in America relating to said bonds.

I am a holder of Mexican bonds, which gives me the right to apply on my own account to the Government of the United States for an adjustment of said claim; but I would prefer, for many reasons, to make this demand in behalf of all the holders of the Mexican bonds.

To enable me to execute this for their benefit without further delay, I respectfully invite you to forward me, for this specific object, your power of attorney as the general agent of the Mexican bondholders in America.

I beg leave to remark to you that, in my opinion, it would be useful to the interests of the bondholders to keep secret at Mexico the subject of this communication to you, until after I have received your power of attorney, and made application to the United States for the adjustment of the amount of said claim.

After I may succeed in adjusting the amount payable by the United States treasury, for its collection in cash from that department on your behalf, I beg leave to suggest the firm of Messrs. Goodhue and Co., merchants, of this city.

I respectfully propose, as the consideration to me for my services to the bondholders, in case of my recovery of said claim, the sum of 10 per cent. of the amount that may be awarded, which 10 per cent. shall include all expenses of said recovery.

Besides being well acquainted with the correct manner of transacting business at the city of Washington, I have powerful friends to assist me in that city.

Should you consider this claim on the United States as visionary, and not worthy your attention, you will please state to me for what consideration in money you will sell and transfer it to me.

For information as regards my standing, I beg leave to refer you to Mr. Gorman Hoppenstadt, of Vera Cruz.

I am, with respects, &c.,
E. H. SAULNIER.

To Parish Robertson, Esq., Agent of Spanish American Bondholders, City of Mexico.

Mexico, 14th July, 1849.

SIR,

I have received your favour of the 20th ult., and in answer, beg to state that the bearer will be my friend, Francis de P. Falconnet, Esq., with whom and Messrs. Goodhue and Co. you can freely communicate on the subject of your communication to me.

I cannot, till I hear more of the nature of the claim you purpose instituting, take the matter up for the committee of Spanish American bondholders; but I shall be willing to make over the claim to you, on receiving what may appear to my friends to be a reasonable offer.

I am, Sir, &c.,
W. P. ROBERTSON.

E. H. Saulnier, Esq., New York.

On the 13th of July a violent article against the Convention, as well as against myself personally, appeared in the "Monitor," in consequence of which I thought it right to address the editor, as under:—

No. 5, Calle Capuchinas,
16th July, 1849.

SIR,

In consequence of the sailing of the packet on the 13th instant, my occupations did not permit me, on that day, to read the leading article in the periodical under your charge.

I have seen, however, with the utmost astonishment, that the Convention, which I celebrated with the Executive Government here, is classified by you as "a scandalous deed, without parallel in the history of our extravagances," and that you assert that "intrigues have been brought into play" towards accomplishing the work; and that further on you proceed in the following terms:—"We believe that, although the authors of this manœuvre are already well satisfied of the bad results of their project, their object now is, that speculators in Europe, believing in the advantages which such a

plan presents, forming from them new hopes, and desiring to make up for the losses of their former operations, will enter upon others, while they will yet be doomed to suffer the same disappointment as on the occasion of the publication of the notes of Mr. Piña y Cuevas."

Now as I, representing my constituents, am the *only author* of what you think proper to stigmatize as a "scandalous deed," as a "manœuvre," and a "project," but which, after all, is a formal convention, in every view advantageous to Mexico; and as I was the person who sent to England the notes of Mr. Piña y Cuevas for publication, I wish to know, before taking further steps, under what right you presume to denounce in public my motives and my acts; not desiring to deny you the opportunity of giving such explanation as you may wish to offer me, for having in so sinister a manner attempted to defame the character of one who has done nothing to offend you, nor yet to provoke your unjust aspersions.

I hope that you will have the goodness to give a place in your periodical to this communication, adding, if you wish it, your answer to the same.

I am, &c.,

W. P. Robertson.

To the Editor of the "Monitor," Mexico.

In answer to my letter, the editor made an ample retraction in a subsequent number of the "Monitor," and I therefore allowed the matter to rest.

On the 25th of July I addressed the letter which follows, to the agent of the bondholders at Guaymas, and I wrote in the same terms to the other port agents, viz.: Messrs. Kunhardt and Ewell, Mazatlan; Messrs. Barron, Forbes, and Co., Tepic; W. H. Barnard, Esq., Colina; Messrs. S. L. Jolly and Co., Tampico; and Messrs. Manning, Markoe, and Co., Vera Cruz.

Mexico, 25th July, 1849.

Sir,

You are doubtless aware that I came to this country some months ago, with a special commission from the Mexican bondholders in England, to endeavour to come to an arrangement of their claims against this Government.

I have delayed from time to time addressing you, in the hope of coming to some definite understanding with the Executive Government; and you will have seen by all the newspapers that I have at last entered into two agreements; the one of a general and comprehensive kind, requiring the ratification of Congress; the other auxiliary and complete, having only reference to the Mexican agency in London. It is of this only I have to speak now, leaving the *Convention* to the approval or rejection of the Chambers, before I address you on the subject of it.

In pursuance of the Second Article of the London Agency Agreement, I have received an official intimation from the Minister of Finance, a copy of which I annex; and I have to beg that all funds which you may recover for account of the bondholders, you will transmit, in terms of the said agreement, and with the notices required, to the Bank of England, if opportunity offer, or to Messrs. Manning and Mackintosh here, for the same purpose.

The export duty being now reduced to the moderate rate of 3½ per cent., I sincerely hope that no attempts will now be made to smuggle specie or bullion on board of H.M.'s ships of war or other vessels; but that you will recover the full amount of the duties on shipments from your port.

I have to beg that you will let me hear from you on this point, and that you will be kind enough to keep me advised of the sums which, from time to time, you may recover for account of the bondholders.

I shall have the pleasure of addressing you again ere long, and meantime remain, &c.,

W. P. Robertson.

John A. Robinson, Esq., Guaymas.

I enclose a copy of the agreement I refer to.

My next letter to Mr. Robinson was the following, *via* New York.

Mexico, 28th July, 1849.

Dear Sir,

Since I had the pleasure of addressing you on the 14th instant, I have not received any communication from you. I am informed, however, by my son, that you had received my letter of 21st April, and that the consequence had been, a farther decline in Mexican bonds. I would impress on the bondholders that we are going on, painfully enough, gaining a better position, materially speaking; by which I mean to say that they are certain of receiving henceforward

better actual returns than they have got heretofore. They will not, if our convention goes forward, have the same *nominal* income, but their effective income will be better; and if the convention be even rejected, I consider that the interference of the English Government can no longer be withheld, without the most incomprehensible abandonment of British interests, and to which Parliament, if appealed to, would never submit.

Since I wrote to you, my time and attention have been entirely dedicated to our forthcoming struggle in the Chamber of Deputies, with those who are so earnestly bent—the L——s, the R——s, and their powerful clique—on overthrowing us. The foreign debt is the theme of the day, the bone of contention; and scarcely a day has passed since I wrote without the question having been taken up by the public press. It engrosses my time here, but it would be of little use to trouble the committee with all that it is said *pro* and *con*. I, however, enclose one of the series of articles which the "*Universal*," an influential paper, proposes giving in our favour.

I am having printed, and shall, in a few days, issue a translation of my letter to Mr. Arrangoiz, of 11th June, with accompanying documents. I also propose writing and issuing a manifesto to the Mexican people, on the subject of the convention, a step which Mr. Mackintosh, Mr. Escandon, and other friends believe will do much good. Many look despondingly to the discussion in Congress—but my own opinion is, that the convention will be ratified. If it be not, I shall not lose a day in raising the question in the Supreme Court of Justice.

Mr. Arrangoiz has been replaced as Minister of Finance, by a Mr. Gutierrez, who was at the head of the Treasury; and it is said, to-day, that the President Herrera is about to retire, and Mr. Gutierrez to take his place as "warming-pan" for a more ambitious public character.

I learnt with great regret, after the sailing of the packet, that the funds realized in Vera Cruz had been detained by the slovenly way in which public business is carried on here. Mr. Arrangoiz, without telling me, had written to the administrator of the custom-house at Vera Cruz, to permit the embarkation of no more funds to Messrs. John Schneider and Co.; the funds realized by Manning, Mackintosh and Co. were embargoed: and I, in ignorance of what had been done, could take no measures to remove the difficulty. That has now been done, and our agreement on the agencies having come into effect, such another stoppage cannot again take place. Even to put this small matter to rights has cost me three days of running backwards and forwards, to and from the Palace. Of course, Mr. Gutierrez being *new*, he knows nothing of our affairs, and I have myself to go and direct what is to be done. I am also much assisted by our broker, Mr. Olarte.

I have a good deal to say on the expenses now being incurred here, which I shall leave for the packet.

I am more than ever desirous of seeing my son out here, without a day's delay; and I hope, therefore, the bondholders have received well my plans as laid down in my No. 15.

I have to enclose, for the information of the committee, copy of a letter from Mr. Arrangoiz, on the subject of the remittance of all funds to the Bank of England, with copy of the circular which I have addressed to all our agents, seven in number. We had advice here, some time ago, of 14,000 dollars having been recovered for duties on silver in Guaymas on the bondholders' account, and I hope we shall soon have bill of lading to forward to you.

Messrs. Manning, Mackintosh and Co. (in liquidation) write to me, under date of the 23rd inst.: "We have increased the amount collected to nearly 60,000 dollars, and before the packet sails we sincerely hope it may be considerably augmented. The amount of import duties not collected on the 1st instant was 195,894 dollars, for which sum the drafts will, in due course, be handed us." From Tampico we have no advices, but I think something *ought* to have gone home by the July packet. The tobacco business is still *nil;* and the matter requires a thorough examination, which I shall give it the moment my hands are less full of work than they are now. Of the cotton licences which I hope I have now secured (as far as their depressed value goes) as a *bonus*, I shall write by the packet. I am now in treaty for the *whole*.

I am always, &c.,
W. P. Robertson.

George R. Robinson, Esq., M.P., Chairman of the Committee of Spanish American Bondholders, London.

In transmitting my circular to Messrs. Jolly and Co., Tampico, I addressed them thus on the 4th of August.

"I beg to call your attention to the enclosed circular, and you will much oblige me by giving due effect to the instructions it contains.

"I have written urgently to the chairman of the committee of South American bondholders, to send me powers to make new arrangements with their agents here, allowing them a commission on the funds they may embark, as a remuneration for their trouble. I hope to receive such authority by next packet, and, under any circumstances, I shall make, *de facto*, such arrangement before I leave, not at all doubting it will be ratified by the bondholders at large. You will understand that my nomination emanated from the bondholders themselves, by an unanimous vote come to at a public meeting, held for the purpose.

"I beg, in the mean time, you will do me the favour to let me hear from you regularly once a month, stating (as Messrs. Manning, Markoe and Co. do) what amount of funds are coming to the bondholders by duties caused by imports into Tampico; what amount you have actually on hand, and what sum you think you may be able to ship by the proximate packet.

"I should also like to know if smuggling is carried on to a large extent in your quarter, and what effect the reduction of the duty on silver is likely to have on that branch of revenue with you.

"Any other information with which you may favour me, and which you think may be interesting to the committee, I shall be happy to receive."

On the 7th of August we received our packet letters; and I subjoin Mr. Robinson's official communication to me of the 30th June.

13, Austin Friars, London,
30th June, 1849.

Dear Sir,

Since my letter of last month, of which you will find duplicate enclosed, the committee have received, *via* the United States and Halifax, your letters Nos. 8, 9, and 10, together with the several documents to which they refer. Duplicates of these letters came forward by the Mexican packet.

The committee have read with great attention and anxiety your relation of what has passed between yourself and the Mexican Government, since the date of your previous advices. Without dwelling on the unsatisfactory circumstances which at one time attended your negotiations with Señor Arrangoiz, the committee observe with considerable regret that there appeared no chance whatever of obtaining any appropriation of the American indemnity money, unless it were purchased by a concession in the rate of interest on the part of the bondholders. It is almost unnecessary to remind you, as you have doubtless repeatedly reminded the Government, of the heavy sacrifices, both of capital and interest, which the bondholders have been induced to submit to in former years, and the assurance volunteered by the agents of the Government at the date of the conversion of 1846, that those sacrifices should *then* cease. No arguments which the committee could now bring forward would speak with half the force which springs from the past history of the debt.

The committee consider it unnecessary by the present opportunity to make any remarks on the state of the negotiation pending between you and the Government, when a very few days will, in all probability, put them in possession of the result. They will only, in the mean time, express their sense of the very active, zealous, and able manner in which you have followed up your communications with the Government.

The last packet has brought to the agents a remittance from Vera Cruz of 8,161 dollars, on account of export duties; and the committee trust the usual remittances for import duties will now shortly be resumed from both that port and Tampico, and a beginning made with those on account of the tobacco revenue.

It is proper to notice to you, that a motion has been recently made and assented to in the House of Commons, for the appointment of a committee to investigate and report to the House the amount of the debts due by Foreign Governments to British subjects. Mr. Roebuck is chairman of this committee, Mr. D'Israeli, Mr. Glyn, and other influential parties, are members of it. It is now sitting and examining witnesses. There is little doubt that some movement will be forthcoming from it.

I remain, dear Sir,
yours sincerely,
G. R. Robinson.

P.S.—In my last letter, I stated that the sum of money, the property of the bondholders, appropriated by the Mexican

Government, and for which cotton-licences were granted, was seized *nearly three years ago*. In point of fact, a large proportion of the amount (viz. 340,000 dollars) was taken so long ago as November, 1844.

I also received by the packet a letter from Mr. Powles, dated 29th June, of which the following is an extract:—

"I think you are doing extremely well, considering the work you have in hand. I do not think anybody could have made greater progress in the time than you have done; very few would have done so much.

I quite agree with you that it will be for the interest of the bondholders to have a resident representative in Mexico. But the time is hardly come for considering that question here. I shall be very ready to second your views regarding your son at the proper time.

I am happy to say that the committee of bondholders here has just been strengthened by the accession of Mr. Capel and Mr. D. Robertson, his former partner.

None of the Peruvian deferred bonds have yet come into the possession of the committee. I am not unmindful of your interest in that question.

It is useless making any remark on the state of the negotiation pending between you and the Government, when we shall in all probability learn the issue of it by the American mail due next week. Two New York mails have arrived without bringing any Mexican letters. It is not likely that a third will do so.

Mexico, remaining quiet, must be getting rich internally. The Mint at Guanaxuato is coining now considerably more than it did before the Revolution. Can you ascertain the whole coinage of the country?

Of the means of the Mexican people to pay the interest of their debt there can be no question. The great difficulty seems to be—owing to the imperfect machinery of the Government—in forcing from the pockets of the people a just contribution towards the national expenditure and the national burdens.

If it be true that there is much contraband going on across the American frontier, it is a serious matter for our custom-house duties; still the requisite amount of revenue must be raised in the country, and if the people do not pay it in the shape of custom-house duties, the Government should devise some other means of getting it.

I am summoned to appear next week before Mr. Roebuck's committee. This inquiry is a very important one, and I am anxious to see what measure Mr. Roebuck thinks of founding upon it.

The inquiry will not be allowed to remain a dead letter."

My answer to Mr. Robinson, dated 11th August, was in the following terms:—

Dear Sir,

I had the pleasure of writing to you on the 28th ultimo, by way of New York, copy of my letter being now enclosed, and I have at present to acknowledge receipt of your esteemed communication of 30th June, which I received on the 7th instant.

The first part of your letter being principally in answer to others of mine, requires no reply; although I must not pass over in silence the pleasure which I have derived from the kind and flattering terms, in which, in behalf of the committee, you are pleased to approve of my proceedings, in giving effect to my mission here. The business I have in hand is an arduous one, owing to the political instability of the people with whom I have to deal; and I can only repeat that I shall continue to put forward my most zealous efforts to procure, one way or other, the best possible results for the interests of our constituents.

The latter part of your letter conveys to me the intelligence that the House of Commons has assented to the appointment of a committee to investigate the amount of the debts due by foreign Governments to British subjects, and to report to the House the actual state of such debts.

Nothing could be either more important or better timed than the announcement, and I have here only to express my sincere hope that the committee will follow up the investigation with industry, and that Mr. Roebuck will found upon it a vigorous motion.

From the 28th, when I wrote to you, up to the 7th, when our packet letters arrived, I was engaged watching the public discussions, and seeing public men, in reference to the debate on the convention in the Chamber of Deputies. The opposition seemed gradually to increase, and the committee of public credit, who had to report to the Chambers,

did not think it prudent to bring on the debate in the midst of the factitious heat which the intrigues and falsehoods of the opposite party, in and out of the Chamber, in public and in private, had created. The press has teemed with the question, and I have naturally had to give a great deal of my attention to the public course of our business.

Finding that it would be impossible to bring the Chamber to a final resolution on the convention before the sailing of this packet, I resolved to allow the press to wear the question out, and then to insist on the Legislature entering on the ratification or non-ratification of our agreement. The true cause of the violent opposition of this opposing party consists in their unwillingness to allow the indemnity money to slip through their fingers if they can help it.

* * * * * * *

The pamphlet which I am getting up, to be distributed among the senators and deputies, before the discussion comes on, will contain a mass of facts and reasoning, which only a predetermined resolution to shut out justice and honesty will be able to resist; and if, in the face of it, the convention is thrown out, the bondholders will know that they will require some more powerful agent than a peaceful commissioner to enforce their claims.

The arrival of our packet letters, with intelligence of Mr. Roebuck's motion and appointment of his committee, as it fortifies our position, rendered me less solicitous than before about the fate of the convention. Still, I considered it my duty to work for its ratification, leaving the bondholders to deal with it afterwards as they chose. Still, unless Lord Palmerston will *at once* interfere vigorously, so as to prevent the next instalment of the indemnity money being spent and wasted here, I am of opinion that we ought to take the convention if ratified.

Under these impressions, I proceeded to the Palace, after I had read my letters and waited first on Mr. Gutierrez, the Minister of Finance. Of course I made the most of the Committee of the Commons, and the result was a promise of a zealous support, in the Chambers, of the convention. Mr. Gutierrez also warmly coincided in the propriety of illuminating the members, by means of my proposed pamphlet. I next saw Mr. Elguero, the chairman of the committee which is to report to the deputies, and confirmed him in all his previous convictions, as to the vital importance of having the convention ratified.

I have had some conversation with Messrs. Mackintosh and Escandon, the two principal parties interested in the tobacco monopoly, and the result has been the letter which, under this date, I have addressed to Mr. Bringas, the director, of which a translated copy is enclosed. By next packet I shall be able to send you his answer and statements.

On the cotton licences I shall write to you apart, if I conclude an arrangement which I am now endeavouring to carry through.

I hope you will, at last, receive by this packet a sufficient amount to enable Messrs. Schneider and Co. to conclude the payment of the dividend.

		£.
By their statement in the "Times" they had on hand		44,000
They received in July, from Vera Cruz	£1,500	
They would receive in July, 20,000 dollars . . .	4,000	
I expect this packet will take from Vera Cruz . . .	14,000	
I hope they will receive from Tampico	2,000	
		21,500
		£65,500

Against £64,000 amount of a fourth of the dividend, still unpaid.

I transmitted to Messrs. Manning, Markoe, and Co., a few days ago, the Government order, releasing the 35,000 dollars, which ought to have gone by last packet. Whether the residue of the remittance will go to Messrs. Schneider and Co., I do not know. I have told Messrs. Manning, Mackintosh, and Co. to ship it to them if they can, but that if any new difficulty arises with the administrador of the custom-house, to let the further amount go to the Bank of England.

I have considered it right to address to Messrs. Jolly and Co. the letter of which you have now a copy. There does not appear to me a shadow of doubt that the bondholders' agents must be paid by the bondholders; and I do not expect that any difference of opinion on this point will exist in the committee. If we get the silver and circulation duties all over the country, the work of the agents will become important and responsible.

I enclose copy of the monthly statement of the course of the Vera Cruz duties, which I now get from Messrs. Manning, Markoe, and Co.

This packet has brought an official

communication from Messrs. Baring, Brothers and Co., relative to an amount of bonds requiring conversion, in their hands, which Messrs. Schneider and Co. have refused or expressed their inability to do, the whole amount of the stock having been already converted. That is, that bonds surreptitiously emitted have been converted to the extent already of the £60,000 of legitimate bonds held by the house of Baring Brothers and Co.

So that the case has arrived for disposing in whole or in part of the bonds lodged in the Bank of England for the relief of innocent parties, in the apprehended case of the place of their bonds having been usurped, in the conversion, by the surreptitious issue. Messrs. Barings will doubtless give you copy of their representation to the Government here, on your applying for the same.

Mr. Mackintosh and I have had two interviews with Mr. Gutierrez on this subject; and he has promised, to day, that although time does not permit the Government to give instructions on the point, by this packet, to Mr. Facio, he will receive them by next, and the committee will then have to act in conjunction with him, in giving relief to Messrs. Baring Brothers and Co.

Meantime I have told Mr. Gutierrez that I shall consider it my duty to require the Government to call on Messrs. Lizardi and Yturbide, who are both in the capital for explanation; and on the former for ample security to answer the issue of the action now pending against his house for the value of the bonds thus surreptitiously issued by them. Mr. Gutierrez promised to push the business

It is to be hoped that an amicable arrangement will be made for the transfer of the Mexican agency from Messrs. Schneider and Co. to Mr. Facio.

I have received letters by this packet from my friend Mr. Falconnet, dated Mobile, 28th July, in which he tells me he forwarded to New York, from New Orleans, on the 22nd a telegraphic despatch to be sent on to you by Messrs. Goodhue and Co., announcing the convention and change of agency. I believe Mr. F. will remain at New York, waiting my present letters, in the hope of being the bearer of the ratified treaty; and under any case I expect he will be in London when you receive this. His address is at Messrs. Baring Brothers and Co.

Mr. Doyle has continued to show his usual readiness to forward our views. He sent, on the packet's arrival, to Mr. Lacunza, the Minister for Foreign Affairs, and that gentleman having called upon him, Mr. Doyle impressively pointed out to him the importance of the Executive straining every nerve to have the convention perfected, *while there was yet time.*

As I sincerely hope I shall be on my way to England before your answer to this can reach Mexico; and as I also as sincerely trust the bondholders will have agreed to replace me by my son; in such case, you will please, of course, address him on the contents of this letter. If any other party has been nominated you will take a like course; and if no one has been sent out, then have the kindness to address me, absent, Messrs. Manning and Mackintosh.

I shall write an intermediate letter, *via* United States, between this and the September packet, remaining

Dear Sir, &c.,

W. P. Robertson.

P.S. 14th August, I have now to give you the important information that I have finally closed with the house of Manning and Mackintosh for the cotton licences for the sum of 250,000 dollars, payable in three equal yearly instalments. You are to understand that this amount I have managed to make a bonus to the bondholders, and it will not be charged as a remittance for dividends by the Government. I shall enter into particulars of the transaction in my next; meantime, I may say, I have been engaged in this negotiation for six or eight weeks, and that I have procured the highest value for the licences which they were worth. Of the necessity of a *sale* of them, to ensure the proceeds to the bondholders, I had long ago satisfied myself.

Do not publish this sale at present in the newspapers: it may give rise to some controversy or other which might prove prejudicial with the Government here. At present they are satisfied to leave the sale of them with us, the proceeds to go to London, extra the dividends.

Under the signature of "Varios Mexicanos," our opponents have published the manifesto now sent: remarks in my next. Meantime, that party is loudly calling on Congress to debate the convention, for the document published by me has had a strong effect on the public mind, and our adversaries are losing ground.

I am, &c.,

W. P. Robertson.

Manning and Mackintosh, on account of the bondholders in England.

I have the honour, &c.,

W. P. ROBERTSON.

His Excellency the Minister of Finance of Mexico, Don Bonifacio Gutierrez.

The packet which arrived on the 9th of September brought me, along with my usual official correspondence, a very long letter from Mr. Powles, of which I shall only here give extracts of such parts as refer more immediately to myself, and to my own mission. I need say nothing here of the surprise, with which I perused that part of Mr. Powles' letter which brought under my notice the extraordinary accusations made against me, as I have entered fully into the matter in my letter to Mr. Robinson.

Mr. Powles in his letter enters at much length on the question of the removal of Messrs. Jno. Schneider and Co. from the Mexican agency in London. He adduces many cogent reasons against the propriety of the step taken by the Mexican Government, and I think he shows clearly that there was no sufficient cause for the course adopted. Indeed, from the beginning my view of the case had been, (and so I gave it to Mr. Arrangoiz,) that Messrs. Schneider & Co. held the office of agents during good behaviour, and that nothing had been done by them as agents which could with justice be impugned. But the letter of the contract was that, with six months' previous notice, either party might relieve itself from the compact entered into; and, of course, I had no power, direct or indirect, to prevent the Government from proceeding as it did. It also must be kept in mind, that not only was I not consulted in the matter by the Minister of Finance, about the removal of Messrs. Schneider & Co., but that the step was taken, together with the substitution of Colonel Facio, a fortnight before the matter was communicated to me at all.

The following then are the extracts of Mr. Powles' letter to me, and in continuation will be found Mr. Robinson's communication of the 1st August, and my answer to the same.

London, 21st July, 1849.

MY DEAR SIR,

I received on the 16th instant your favour of the 13th ultimo, via the United States.

The committee held a meeting yesterday, the result of which you will learn in the usual manner from the chairman. I must, however, mention to you a circumstance which was painfully dwelt upon at the meeting, and which had been adverted to, but less forcibly, at one or two previous meetings. It is that you are stated to be in the habit of writing to other parties in London, touching the affairs of your mission, which parties use the information for speculative purposes. One of the members of the committee yesterday made the following statement: "On the morning on which the packet from the United States came in, before I had had time to go to Austin Friars to read the letters to the committee, I was told on the stock exchange that ——— had letters from Mr. Robertson, that the accounts were bad, and that he had been selling largely. I have had the names mentioned to me of three parties who continually receive letters from Mr. Robertson, and I cannot doubt the fact, because information is stated to be in them which could only come from Mr. Robertson."

The committee have been greatly annoyed at this, and it has had a very damaging effect upon the price of the stock. I need not tell you that a party who, on the strength of certain information, makes a speculative sale, has an immediate interest, after he has effected the sale, in quietly spreading the information on which he has acted, in order to depress the price and work out his operation. And the effect of this sort of proceeding is, that the public are led to believe that the advices are much worse than they really are. They always attach more importance, as you know, to private information, than to that which is officially given. They fancy that official parties withhold information, and the consequence is, that the committee are attacked in the newspapers for doing so in this case, grounded solely on the statement, that private letters from you give much more unfavourable information than has been disclosed by the committee.

I cannot, for my own part, discover what there is in these last communications to alter the position of affairs. We knew, some time since, that the Congress had adjourned to the 1st of July, without doing anything in regard to the debt. Your last letters confirm that information, with the addition that the minister had pledged himself to bring the business forward on the first day of the session. The unfriendly disposition of the present Finance Minister we knew long since, and we also knew, that he wished to reduce

the interest to three and a-half per cent., without compensation for the reduction. All these facts we knew, and yet the stock has gone down from 28¼ to 26¼, on account of the suspicions that have arisen in the public mind.

I promised the committee yesterday that I would write to you on the subject, not thinking it desirable that it should be introduced into an official letter; and I would earnestly recommend you, so long as you remain in Mexico, not to write a word on the subject of your mission to any human being, not even to your son, whose name has been also mentioned.

I do not think it would be at all expedient to propose your son to be a member of the committee.

I observe in your letters how anxiously you press for early information from England; but the truth is, we have nothing here to tell you. It is *from you* that we expect information.

28th July.

Since writing the foregoing, the Mexican Consul here has published the Minister's letter to Messrs. Schneider and Co., whereupon these gentlemen have addressed a letter to the committee, of which you will receive a copy. Certain parties here, as soon as the Minister's letter appeared, circulated a report that the change of the agency would be accompanied by the appropriation of part of the indemnity money, which rumour raised the bonds from 26½ to 27¼, but they have now reduced to 26¾. I need not tell you that at the Stock Exchange they, in these cases, look to nothing but what they consider will, for the moment, influence the price of the bonds. This movement of the Mexican Government will lead to nothing but mischief. It is altogether an illegal one. The bond provides that the agents of the bondholders in Mexico, namely, Messrs. Manning and Mackintosh, shall receive the assigned portions of the revenues and remit them to Messrs. Schneider. Messrs. Manning and Mackintosh cannot permit the monies to be remitted to any other house, without incurring the most serious responsibility. It was to guard against changes of this sort that the bond was so constructed. The bondholders had felt how their interest had been damaged by previous agencies, and they were determined to prevent matters getting into such a position again, by having inserted in the bond the name of a house with which they were perfectly satisfied.

Very sincerely yours,
J. D. Powles.

W. P. Robertson, Esq., &c.

13, Austin Friars, London,
1st August, 1849.

Dear Sir,

Since I wrote you by the packet of last month, the committee have received, in original and duplicate, your interesting letters Nos. 11, 12, and 13, together with the several documents alluded to therein. Before proceeding to reply to these letters, the committee desire me to remark to you that the reason why they have not corresponded with you by way of the United States has been, that they had really no special occasion for writing you otherwise than by the ordinary route. You were already in full possession of the views of the committee, and pending the negotiation in which you were engaged with the Government, there did not appear to the committee any matters of sufficient urgency for deviating from the usual mode of their correspondence. With respect to letters *from* you, of course the case is wholly different.

The committee will now proceed to notice the contents of your voluminous despatches.

It has been, as I need hardly tell you, a subject of great disappointment to the committee as well as to the bondholders at large, that no tangible result has yet been arrived at in respect to the principal object of your mission. The prorogation of the Congress, without any action in connexion with the foreign debt, is in itself a very unsatisfactory circumstance; although the early period fixed for their reassembling, and the pledge given by the Finance Minister, that the matter should be introduced on the very first day of the extra session, mitigates this feeling of disappointment. But the spirit and avowed intentions of the Executive, in regard to the permanent adjustment of the debt, are of a much more serious character than any mere temporary postponement of action; and the committee are sorry to remark on this head, that they can see nothing of an encouraging character in the conduct of the present Minister of Finance. The whole subject is, however, so well treated by you in your letter to Señor Arrangoiz, that any observations from the committee, with a view of setting forth the bondholders' claims, would be superfluous. Without, therefore, entering into any lengthened comparison of

"*even to my son*," is a demand which never once entered into my head as likely to be made of me, and is an assumption of inquisitorial power which, both as a man of business and as a gentleman, I must beg respectfully, but most distinctly, to repudiate.

If I conceive the committee has overstepped its limits in the general charge, they have certainly been most unfortunate in the particular allegation. It is this.

One of the members of the committee, yesterday, made the following statement. "On the morning on which the packet arrived from the United States, before I had time to go to Austin Friars to read the letters of the committee, I was told on the Stock Exchange that —— had letters from Mr. Robertson, that the accounts were bad, and that he had been selling largely. I have had the names mentioned to me of three parties who continually receive letters from Mr. R., and I cannot doubt the fact, because information is *stated* to be in them which could only come from Mr. Robertson." And then Mr. Powles says "the stock has gone down from 28¼ to 26 on account of the suspicions which have arisen in the public mind."

Now, although I at once saw all the absurdity of its being said that any one had information *which could only come from me*, seeing I have had no such information to give since I placed foot in Mexico, I turned to my correspondence alluded to, by the June packet, which caused a decline of two per cent. in the Mexican Bonds. You will, perhaps, be surprised to find that I only, on that occasion, wrote to *two* individuals beside yourself, and these were, Mr. Powles himself, and my son! To conclude the question at once, I shall extract what I said to both touching my mission.

To Mr. Powles I said, "I am particularly pleased that you approve of my proceedings. I have difficult cards to play, but I feel assured, somehow, that the game is in the end in my hand.

"I have made many friends in Congress, and when it meets I think my plan will be supported by some of our most influential legislators. On the whole I am inclined to anticipate very good practical results for the bondholders. In fine, be assured that all is going very well here, and that our *cause* among leading men is daily gaining ground."

Can these be construed into *bad* accounts?

To my son I wrote thus, after going through private affairs unconnected with my mission. "I must refer you to my long letter to Mr. Robinson, and to my longer one, in copy, to Arrangoiz, sent to the committee. I believe Mr. Godfrey will at once show you my despatches." So my son had *no* details, as I never dreamt that the committee would refuse to show *any* respectable bondholder my despatches, *much less my own son*. But he has been, I understand, refused.

My postcript of the 14th June to my son ran thus: — "Thank Mr. S—— for his kind letter, which I shall answer shortly. See also Messrs. C——, S——, and C——, with my compliments, and that I shall write to them after the packet goes."*

I have here mentioned *all* my London business correspondents, and you will now be able to judge how far correct the information was which "one of the members of the committee" received; and how far it was kind, on such hearsay evidence, to direct Mr. Powles to address to their absent colleague so affronting and uncalled for a letter as the one I have received. In *any* case, when the committee consider I am not fulfilling my duty, or that I am betraying the interests of my constituents, I can have no objection whatever to their calling the bondholders (Mexican) together, and taking *their* instructions as to how the committee ought to proceed: but I cannot allow myself to be condemned by those who have not a right to pronounce judgment against me, and who, as my colleagues, ought to be my *defenders*, and not my *accusers:* I mean defenders against hearsay slanders.

It is painful enough for me to occupy the attention of the committee with personal affairs of this kind. I little calculated on being called on to do so. But the question of my fairness or unfairness in the fulfilment of the mission confided to my care, is too important to allow me to smother it under mere conventional delicacies.

I have now to confirm the contents of my three last numbers, of which Nos. 19 and 20 went by the packet to Mobile and thence *via* United States; and No. 21 I forwarded to Vera Cruz, without

* I gave Mr. Robinson the names in full of my correspondents.

detail of the transaction having arisen, the documents have not yet been completed; but when I return to England I shall take them with me. You have understood by my former communications that I have contrived to separate the proceeds of these licences from the dividend fund, and that, accordingly, it will stand as a separate bonus. The advantage to the bondholders is palpable, and I am only anxious to see the matter concluded, ere any new question arise about the transaction. From this fund I shall draw the sums necessary to meet the heavy expenses which have been incurred; and till my arrival in London I postpone further explanations on the subject, as they are somewhat complicated, and may not be understood through the medium of a letter. The price paid is the uttermost value of the licences.

I have not yet received the accounts of tobacco *estanco*, but those also I will take with me, and the first remittance from this source will go by the January packet. It will not be much, but I hope it will gradually increase.

I am, of course, unable now to make a general arrangement with the agents, but I make no doubt I shall be able to show you the absolute necessity of this being done, more especially if our convention be carried through. Meantime I have written to all the agents a circular, calling on them to give effect to my arrangement with Mr. Arrangoiz, as to the remittance of the funds. And the present Minister of Finance has addressed, in conformity with my desire, a circular to the administrators of the different custom-houses, ordering them to pay over the funds coming to the bondholders to the agents, without any further intervention than that of taking a receipt, and obtaining evidence that the funds have been consigned to the Bank of England, for account of the bondholders.

With regard to the funds now accumulating in Tampico, I have some fear that the amount collected would not go forward by this packet, from the slow manner in which details are carried out in the offices here. I have not yet been able to get the necessary order to the administrator in Tampico forward in time, to warrant his permit for the shipment to the Bank of England, of the sums in Messrs. Jolly and Co.'s hands. They may have got over the difficulty, and you will know by the packet. Meantime I send you a copy of their last letter to me.

From Vera Cruz I hope you will receive a respectable remittance by this conveyance.

In respect to the transfer of the agency in London, from Messrs. John Schneider and Co. to Mr. Facio and your committee, I can say nothing. We must know how the parties interested take it, but you are already aware that neither Messrs. Manning and Mackintosh nor myself could resist the dispositions of the Government. I thought I did very well, since the Government had determined to remove the agency to a party paid by itself, to get an intervention on the part of the committee, and security for the remittances, by being placed under your control.

I leave Mexico about the 4th proximo, taking the route of Orizava, with Mr. Escandon; and this gentleman accompanies me as far as New Orleans. In Vera Cruz I shall receive my letters from England, by the packet leaving on 1st of this month, and I shall then know how far my communications as to a successor have been approved of by the committee. Meantime I shall make all necessary arrangements with Messrs. Manning and Mackintosh.

I beg you will acknowledge receipt of this letter, addressed to Messrs. Goodhue and Co., New York, and thus I shall be able to give effect to any instructions you may communicate. I propose being in London by the end of November.

I am, &c.,

W. P. Robertson.

George R. Robinson, Esq., M.P., Chairman of the Committee of Spanish American Bondholders, London.

P.S. You will observe I have written hurriedly, and I have no time to re-write so long a letter. I enclose Messrs. Manning, Markoe, and Co.'s last statement of funds.

It will be found, in the course of my correspondence, that I arranged with Mr. F. de P. Falconnet, that he should on his way to England visit the city of Washington, with a view, in the event of my convention being ratified, of facilitating the transmission of the bondholders' share of the indemnity money from the United States to England.

As this is a point not unlikely still to engage the attention of the bondholders, if I may judge from what has latterly passed in the committee, I think it right to give here the correspondence which passed between Mr. Falconnet and my-

self on the subject: and although at the time it was considered as confidential, I know, from Mr. Falconnet's open and honourable mode of proceeding in all public matters in which he is engaged, he will not object to my laying before the bondholders his letters to me.

His first letter, having reference to the business in hand, is dated Newport, 20th August, 1849; his second the 21st, when he encloses copy of his letter to Mr. Clayton, and of Mr. Clayton's answer to the same; his next is of the 22nd, and then follows his letter to Mr. Robinson; the whole concluding with my letter to Mr. Falconnet of the 12th September, all of which now follow in regular order.

Newport, R. T., 20th August, 1849.

My dear Robertson,

I addressed you from Mobile, on the 28th July, and am expecting, with some anxiety, your communications, which I suppose will arrive on this shore in the course of the afternoon. I reached Washington on the 5th instant, and lost no time in calling upon Mr. Crampton, to solicit his intervention in regard to the securing on the part of this Government their acquiescence to the arrangement which you had made with Mr. Arrangoiz, and which by this time, I hope, has been approved of and passed into law by Congress. I had no difficulty in persuading our Minister to promote the interest of the bondholders, for a better disposed or kinder diplomât I never met in my life; and we called together on the Secretary of State to talk the matter over. I have found Mr. Clayton apparently disposed to act in conformity with our views, as far as the Executive has power to do so; and I have no doubt that, in having the transaction officially communicated to him, he will not hesitate to take all necessary measures to give the desired security to the bondholders. He expressed a wish to have the convention communicated to him to place it before the President, and take his pleasure in regard to the subject. I took advantage of the circumstance to address it to him, accompanied by the note of which you will find copy enclosed. As I have no official character, and the convention not yet being ratified by Congress, I doubt whether or not I shall receive an official answer; but, through Mr. Crampton's assistance, and such influence as I personally have in the State Department, I trust to obtain an acknowledgment of the reception of my note, and some words to the effect that this Government is well disposed, which will be sufficient to show the bondholders that everything has been done, without loss of time, to secure their interest, and may be useful in case the opposition to the convention should have proved successful. I have written yesterday to my friends in Washington, to use their influence in procuring me the desired answer; and I hope I may get it before my departure for England, which I have fixed for the 5th September. By that time I shall have your letters by the August packet, and, I trust, I may be the bearer of the ratified convention to London. I saw Mr. Rosas, the Mexican Minister, in Washington; he had received the communication of the convention from Mr. Arrangoiz, but no instructions to take any steps for making this Government a party to it. From his conversation, however, I am satisfied he will act properly on the occasion, as soon as he receives the official communication of the convention having been approved and passed into law by Congress.

On my arrival at New York, I inquired from Messrs. Goodhue, whether they knew anything about the Mr. Saulnier for whom you gave me a letter, in regard to the claims which the bondholders might have on this Government, in regard to that portion of duties which had been ceded to them, and which, during the war, was collected by the American authorities. They knew nothing of him. I requested them to make inquiries; but, from what Mr. Crampton told me, I do not expect that there is the least probability of the bondholders getting a shilling from that money. Being obliged to proceed to Boston without loss of time, I could not personally take any further steps in the matter; but on my return to New York, in about a week, I shall see what there is to be done in regard to this matter.

I am sorry to inform you that in consequence of some derangement in the wires on the line from New Orleans to New York or Boston, the telegraphic despatch I gave to be forwarded to Messrs. Goodhue and Co. never came to hand. Another of mine to Boston had the same fate. I regret it extremely, but it could not be helped. So far you may be sure that no other information has had the chance of being communicated to London previous to your own letters on the subject having been received by Mr. Robinson. I have written

to New Orleans to claim the sum paid for the conveyance of the message; and you need not pay it to Baring as I had requested, as I have no doubt it will be handed to our agent as soon as it is claimed. From what I hear, very little dependence can be had on this mode of conveyance for news; there are still a great many improvements to be made before the thing is made perfect.

I have not yet my letters, per "Hibernia," of 3rd August, they have been detained at Boston, and I shall not have them till to-morrow. I do not suppose they will induce me to alter my present plans. You have, enclosed, the last proclamation of President Taylor, in regard to an armed expedition fitting out in this country for the purpose of lending a hand to revolutionize Cuba, or, as it was first suspected, to aid the insurgents of the Sierra Madre; it may interest you, if you have not read it before.

Yours very sincerely,
F. DE P. FALCONNET.

Newport, 21st August, 1849.

MY DEAR ROBERTSON,

I wrote you under yesterday's date, when my letters were forwarded to New Orleans, to be posted for the steamer of the 1st September to Mexico. After my despatches had been put into the letter-box and the mail closed, I received from Washington the expected answer from the Secretary of State, Mr. Clayton, to my note to him of 8th inst. You have copy of it annexed; and, under present circumstances, I think you will find it as favourable as it could be. I shall address a few lines to Mr. Robinson, by this packet, to communicate to him, both my letter to Mr. Clayton and his answer; and I suppose the last will produce a good effect in London.

Yours truly,
F. DE P. FALCONNET.

(Copy.)

Washington, 8th August, 1849.

SIR,

In compliance with the wishes expressed by you, this morning, during the conversation which, in company with Mr. Crampton, H. M.'s Chargé d'Affaires, I had with you on the subject of the cession by the Government of Mexico, of a portion of the indemnity money due by the United States, in favour of the bondholders of the foreign debt. I have the honour to enclose copy of the convention which has been celebrated, on the 6th of July last, between the Minister of Finance of Mexico and the agent of the bondholders of the English debt, William Parish Robertson, Esq., which only awaits now the sanction of the Congress of the Mexican Republic to become law.

The bondholders would be happy to find this Government disposed to lend themselves to this arrangement by accepting the cession referred to, when the proper documents shall be presented to their consideration, and giving the assurance that the money so appropriated will be paid to the agent duly appointed by the bondholders to receive it in Mexico when the payments fall due, without further interference on the part of the Mexican Government.

In this manner, the bondholders would find a security in the adhesion of this Government which, at the same time that it would be beneficial to their interest, would redound to the honour and credit of Mexico, which this country has so much at heart to uphold.

Being on my way to England, and desirous to convey to the bondholders the assurance of the good disposition of this administration to do all in their power to facilitate the execution of the arrangement above mentioned, I would feel particularly obliged to you, Sir, if you could favor me with an answer to this communication, an act which I would consider as a great favour.

I have the honour to be, Sir,
Your humble and obedient servant,
F. DE P. FALCONNET.

To the Honorable John M. Clayton,
Secretary of State, Washington.

(Copy.)

Department of State, Washington,
14th August, 1849.

SIR,

I have received your letter of the 8th instant, accompanied by a copy of a convention concluded at Mexico on the 6th of July last, between the Mexican Minister of Finance, and the agent of holders of Mexican debt due to subjects of Great Britain. It appears from this convention, that the Government of that Republic proposes to devote to the claims of the bondholders a part of the money due to Mexico, pursuant to the treaty of Guadalupe Hidalgo, and you express a hope that the United States Government will approve of the arrangement. In reply, I have to inform you, that as the convention itself will not be complete until it shall receive the sanction of the Mexican

Congress, an expression of opinion on my part in regard to it would be premature. The bondholders, however, may be assured that, at the proper time, the subject shall be taken into respectful consideration, with every disposition to comply with their wishes, if it can be done with propriety.

I am, Sir, very respectfully,
Your obedient Servant,
JOHN M. CLAYTON.

To F. de P. Falconnet, Esq., Boston.

Newport, 22nd August, 1849.

MY DEAR ROBERTSON,

What precedes is copy of the letter I addressed yesterday, per steamer, to Mr. Robinson. I forward it through our friends, Messrs. Goodhue, with the request that they direct this letter to some correspondent in Mobile, to have it posted at that place for Mexico, per West Indian steamer, as there is a chance of its arriving before the departure of the packet for Vera Cruz. I trust I have acted according to your wishes.

I leave this in a few days for Boston, and proceed from thence to Niagara, with the intention of being in New York on the evening of the 28th, when I expect to find letters from you waiting for me at Goodhue's.

Yours sincerely,
F. DE P. FALCONNET.

You will receive by steamer two other letters besides this, having addressed you under date of 19th and 20th, although both letters bear only the last.

(Copy.)

Newport, Rhodes Island, United States,
21st August, 1849.

SIR,

In conformity with the understanding I had with Mr. Wm. Parish Robertson, on my leaving Mexico for this country on my way to England, and desirous of helping the cause of the bondholders of the Mexican debt in London, I have lost no time, on my arrival at Washington, in conferring with the Secretary of State on the subject of the cession of 4,500,000 dollars; which, by the convention concluded in Mexico on the 6th of July last, between the Minister of Finance and Mr. Robertson, has been stipulated in favour of the bondholders. Mr. Crampton, Her Majesty's Chargé d'Affaires, to whom I applied for support on this occasion, readily assented to my request of accompanying me on my visit to Mr. Clayton, and giving to my application all the weight of his position, in order to influence favourably the Government of the United States.

The convention agreed to not having yet been ratified by the Congress of Mexico, and myself not having an official character or further authority than what I had received from Mr. Robertson, I could only act officiously in a matter of this nature; my action, in consequence, was necessarily limited to sounding the disposition of this Government as to their willingness to lend themselves to any arrangement which could secure to the bondholders the payment of the 4,500,000 dollars, and preparing the administration to take favourably into consideration the convention, when it shall be officially ratified to them, after receiving the sanction of the Mexican Congress.

After several conferences on the subject, the Secretary of State having requested a copy of the convention, to lay it before the President, I took advantage of the opportunity to address him a note accompanying the note referred to. I have since received his answer. I beg leave to enclose copies of my own and Mr. Clayton's letters; and I trust you will coincide with me in thinking that, under present circumstances, the assurance of the Secretary of State of the United States could not be more favourable, and ought to give satisfaction to the bondholders.

I am happy to have had this opportunity of advocating the interest of the bondholders, and to have prepared the way to the acceptance by this Government of that part of the agreement to which they are, indirectly, to become a party; and shall feel more so, if what I have done meets with your approbation and that of the committee over which you preside.

I intend to leave this for England on the 5th of September, and shall have the pleasure, on my arrival in London, of calling upon you, to give you all the information I may possess on Mexican affairs likely to interest you.

I have the honour to be, Sir,
Your humble and obedient Servant,
F. DE P. FALCONNET.

To George R. Robinson, Esq., Chairman of the Committee of Spanish American Bondholders, 13, Austin Friars, London.

Mexico, 12th Sept. 1849.

MY DEAR FALCONNET,

I should certainly answer at much greater length than I now intend to do your kind welcome and important letters of the 20th, 21st, and 22nd ultimo, but

that I intend to see you in about a month after you receive this, and can then express to you, *viva voce*, better than through the medium of my pen, when hurried by Beraza, all the obligations you have laid me under by your official diplomatic services at Washington. *Viva voce*, I can better give you all the involutions of our political system here; and, *viva voce*, we can better concoct certain measures which I have *in petto*, than I can unravel them to you at midnight, when in the morning I must make up my correspondence.

So I shall content myself with saying that you did more at Washington for the bondholders than I thought you could possibly have effected, and that I have expressed my grateful sense of your services to the committee. Then I refer you to the enclosed copy of my letter to Mr. Baring written to-day. I refer you also to my son, and you will see my pamphlet. I shall write to you more fully in my next, and see you, I hope, soon after; all which will account to you for the shortness of my present communication.

Ever yours,

W. P. ROBERTSON.

F. de P. Falconnet, Esq., London.

I now hasten to the conclusion of what cannot fail to be considered by many my diffuse correspondence in Mexico; but on this point I wish to remark that, detailed as it may appear, I have suppressed much; and I have only not suppressed more, fearing the allegation that I was presenting a truncated statement of my mission.

The letters which I wrote between the sailing of the September packet up to the time of my leaving Mexico, follow in due order; and in continuation will be found His Excellency Mr. Lacunza's letter to me of the 1st October, and that of Mr. Robinson of the 1st September, which I received previously to my embarking from Vera Cruz.

Mexico, 13th Sept., 1849.

DEAR SIRS,

I have only time to enclose you a despatch for the Administrator, which you will find perfectly in order.

I send my correspondence as usual, and keep to my purpose of being with you in time for the October packet, to Mobile.

I am always, dear Sirs, &c.,

W. P. ROBERTSON.

Messrs. Manning, Markoe, and Co., Vera Cruz.

Mexico, 18th Sept., 1849.

DEAR SIR,

To-night I have only time to enclose copy (in Spanish and English) of the extraordinary report which the committee of Public Credit presented to the Chambers on Saturday, the 15th. The report is not yet printed, and I cannot act publicly on the copy I have obtained, till the document is before the public.

Well pleased I am, under the circumstances of the case, that I had made up my mind some time ago to go to England by the October packet. We shall now be able to lay before Lord Palmerston such *facts*, as will show him the impossibility of our Government withholding its official interference.

I shall resume on Thursday (20th), for the chance of my letters reaching England before myself. The pamphlet I have published is now in the hands of every one, and we shall see the effect it produces. Our courier, Beraza, could not take the copies I had made up for you.

I am, dear Sir,

W. P. ROBERTSON.

George R. Robinson, Esq., M.P., &c.

Mexico, 25th Sept., 1849.

DEAR SIR,

I wrote to you on the 18th, enclosing extract relative to the foreign debt here, from the general report of the committee of Public Credit on the arrangement of the Mexican debt at large. It recommends the rejection of our convention; and on this subject I refrain from observation till I have the pleasure of meeting the committee. The general report is still in the hands of the printer, but of course I shall be able to take a copy of it home with me.

I feel quite certain that Mexico must accept our terms, or *better* for us, provided Lord Palmerston will interfere officially.

I am glad to find that the packet has taken 85,000 dollars for bondholders' account. I think you may expect a similar sum by the packet in which I leave. From this city we start with Mr. Escandon, on the 7th proximo, to be in Vera Cruz on the 15th. My next, therefore, (D.V.,) will be from New Orleans.

I have arranged for receiving my packet letters at Orizava.

Believe me to be, &c.,

W. P. ROBERTSON.

G. R. Robinson, Esq., M.P., &c.

Mexico, 25th Sept., 1849.

My Dear Jonson,

I have your long letter of the 17th, and I have read what you have written to Mr. Mackintosh on the subject of your commissions as agents of the bondholders.

As I expect to see you (D.V.) on the 15th proximo, I shall only here say, that I hope to receive authority by the incoming packet, to arrange the commissions according to my own views; and if I do not, I have made up my mind to do so on my own responsibility, assured that what I do will be confirmed by the bondholders, who are my *real* constituents. I shall give your house a letter, authorizing you to charge a-half per cent. on all your shipments; and as I hope and believe these will *ultimately* amount to 1,200,000 dollars a-year, this will give you 6,000 dollars per annum, which I hope will be satisfactory. I shall also strain every nerve when I get to England, to make such arrangements as will ensure the transfer of specie shipments by the packets from others to your house; and I have every hope of being successful in a measure so necessary for the bondholders, so advantageous to the revenue here, and so likely to reconcile the English character with that of fair dealing.

The committee of Public Credit has given in its report, recommending the non-ratification of my convention. I don't care a straw for the report. Sooner or later, and I think *very* soon, Mexico must accept my liberal terms or give better. My return to England is urgent, and I think I must return to Mexico.

My letters by the October packet, I desired my friends to address to your house at Vera Cruz. Now we start for Orizava on the 7th.

F. Jonson, Esq., Vera Cruz.

Mexico, 1st October, 1849.

Dear Sirs,

I have duly received your much esteemed letters up to the 12th ultimo, when you enclose me a bill of lading of shipment per "Severn," which is very satisfactory. And for all the information you have afforded me, please accept of my best thanks.

I should have written to you long ere now, could I have sooner advised you of the Treasury having sent the necessary orders to your custom-house, to give you from this time forward the sole intervention, as agents of the bondholders in the shipment of their funds to the Bank of England. It was only on Saturday (29th), that, after much trouble, I could get the circulars sent to the custom-houses, that of Tampico included.

My convention with Mr. Arrangoiz has not yet been discussed in Congress; but I have no doubt whatever it will sooner or later be adopted by Mexico, as the most favourable arrangement she can make.

Meantime, I have resolved to proceed to England by this month's packet, to give better effect to the measures which we may have to adopt there, should the Congress of Mexico prove recusant in this affair.

I have some time ago recommended to the committee of South American bondholders, to procure a vote, authorizing payment to be made, by the Mexican bondholders themselves, for services done here by their various agents. I expect to have that authority before I leave Vera Cruz, when I shall again communicate with you.

And, in all probability, I shall be replaced here by another commissioner, as I have recommended; or, if not, I myself will return to Mexico within six months.

You will much oblige me by answering this by the November packet, addressed under cover to Mr. Robinson, our chairman in London. I believe you are aware, that I myself am a member of the committee.

I remain, dear Sir, &c.,
W. P. Robertson.

Messrs. Stewart L. Jolly and Co., Tampico.

Mexico, 1st October, 1849.

Dear Sirs,

The orders from the Treasury to the various ports of Mexico, to act on my agreement with Mr. Arrangoiz, in regard to the bondholders' agencies, only went forward by last post; and I have, in consequence, kept back the enclosed circular.

I am about to proceed to England to help in quickening a final arrangement of the foreign debt of Mexico. I make no doubt my convention must and will be ultimately adopted. Another commissioner will probably replace me immediately: if not, I shall return myself to Mexico within six months.

I have strongly recommended that the agents here be remunerated by the bondholders, and I make no doubt my suggestion will be carried into effect.

I do sincerely hope, that from this time forward, you will be able to create

had ascertained whether I could work Mr. Escandon and others with whom he was in the habit of joining in cotton operations up to the price in question.

Much trouble and anxiety I had in bringing the whole matter to the issue I desired, Mr. Escandon considering the business as of too enormous extent and duration even for parties accustomed, like himself, to very large operations. In fact, it involved the necessity of introducing cotton to the value of upwards of three millions of dollars, and requiring at least three years for realization.

In the end, however, Mr. Escandon agreed to take the business from Messrs. Manning and Mackintosh at the sum which I had originally proposed, and a contract was formed accordingly.

All that I have further here to say on the matter is, that without both Mr. Mackintosh and Mr. Escandon, neither I nor any other agent of the bondholders could ever have realized the price which I did. It is alleged against me that I had no authority to make this sale, which is very true; but the circumstances under which I effected it never could have been foreseen; and I was left to decide whether I would secure *at once* for the bondholders, in the shape of a bonus, the very highest value of the licences, or whether I should not only incur the risk, but almost submit to the certainty of the sum gained being totally lost to my constituents. Before I could write to England, and have an answer, the licences might have been suspended, a law might have passed making the introduction of cotton free, and, after all, an equally favourable sale it would have been impossible at a later time to effectuate. The purchasers would have lost a whole year in the introduction of their cotton, and a delay of twelve months of a business in Mexico is precisely equivalent to abandoning it altogether.

Appointment of a Permanent Commissioner of the Bondholders.

It will be seen by my correspondence that at an early period I recommended the establishment of a permanent commissioner in Mexico, with the whole direction of the affairs of the bondholders in that country. I need not reiterate here all the reasons which I gave for coming to this conclusion, and indeed, if the contents of this very report do not satisfy the bondholders of the necessity of such a step, I have no better argument to offer for its adoption. I recommended my son as my successor; indeed I most earnestly, and, over and over again, requested that he might be the party chosen. I knew of no one to whom I could make over the business with so much confidence as to my own measures being properly carried out, as to him. Not only to the bondholders, but to myself, was it a matter of vital importance to have the measures I had initiated judiciously and vigorously followed up; and I knew that it would not be easy to find in London a person who at once possessed the peculiar abilities required, together with the inclination to undertake the mission. Besides, I considered that my son would be, in the first place, a *locum tenens* of my own, till the object for which my appointment had been made was carried out to its legitimate end. My remuneration, (which I always considered, and do still consider,) would be in the shape of a commission on whatever I might obtain for the bondholders, had not yet been earned, and on this score it would have been for me, and not for the committee, to satisfy my son for his services. If a stranger had taken my place, and my measures been carried out under his appointment, there would necessarily have been a clashing of interests between him and myself, which I was anxious to avoid. To the fitness of my son for such a sort of business, the Committee of Spanish American bondholders have themselves borne testimony in their statement of the Mexican debt lately published, in which they say, "Mr. Robertson, having previously to his joining the committee, used much exertion in advancing the claims of the Peruvian bondholders, *and his son, who was resident in Lima, having done the same there*, the committee have, since Mr. Robertson's return to England, presented to him *and to his son*, now also in England, £5,000 of the Peruvian deferred bonds, placed in the hands of the committee for the purpose of remunerating services rendered to the bondholders in support of their claims."*

* I must here take the liberty of giving the remaining part of the committee's note, in reference to myself. "This circumstance," they say, speaking of the presentment of the deferred bonds, "is only adverted to here for the purpose of showing that the Committee have not dealt illiberally with Mr.

the sanction of the Congress, and the approbation of the bondholders.

The committee are not prepared to express any opinion on the terms of this provisional convention. Until the decision of the Congress shall be made known, it would be premature in them to state their views on the subject; nor can they, in the condition of suspense in which this matter rests, take the sense of the bondholders thereon.

The same remark must be understood to apply to the various topics treated of in your letters. There are, however, two or three points on which they cannot delay acquainting you with their sentiments.

In the first place, they must protest most emphatically against the arrangements you have made with Señor Olarte for securing to him a per centage on the amount of the indemnity money of which he might influence the appropriation. The committee not only entirely disapprove of this arrangement, but feel quite certain it would be repudiated by the bondholders.

In the next place, they decidedly object to that clause in the agreement which relates to the cotton licences. They need only refer you to what they have recently written on this subject, and to state their extreme surprise that any stipulation of the kind should have been introduced into the convention. So far from considering that any advantage has thereby been secured to the bondholders, the committee are of opinion that it prejudices their rights to a very serious extent. By the condition under which Messrs. Manning and Mackintosh received these licences, and under which alone the committee would ever have sanctioned the transaction, the bondholders were to be secured from any eventual loss. Any reduction in the duties on cotton was to be made up by a corresponding issue of licences. It is needless to remark how widely the clause in question deviates from the original arrangement. The loss, in fact, would amount to about 50 per cent., or 340,000 dollars. The committee are the more surprised at your agreeing to this clause, as it is inconsistent with what you had stated in one of your previous letters, viz., that you should leave this matter to be considered independently of the main question.

The separate agreement relating to the agency in England cannot be recognized by the committee. It is not only at variance with the tenor of the bonds themselves, by which the channel of the remittances for the dividends is clearly designated; but it formed, as you are aware, no part of the objects for which you were accredited.

In regard to appointing a permanent commissioner, as strongly recommended by you, I can only state, that such a step is out of the power of the committee. They have neither funds for the purpose, nor have they any authority from the bondholders, to make such an appointment. If at any future time it shall be thought expedient, (of which of course the bondholders must be the judges,) the committee will be prepared to act as may appear to them advisable, both with regard to the person to be nominated, the terms of his remuneration, and the objects to which he will have to direct his attention.

On these and all other points, however, the committee will write you more fully by another opportunity; and referring you to the enclosed duplicate of my last letter,

I remain, dear Sir,
Yours very sincerely,
G. R. Robinson.

Enclosed is a letter for Messrs. Manning and Mackintosh.

The correspondence which precedes may be considered as the historical detail of my mission, or the first part of my report. The second part, in which I have now to enter, will consist of various matters, either to be elucidated from the historical tenor and bearings of the case, or incidental to my personal undertaking. I wish to classify such matters thus:—

1. The convention and its prospects.
2. The revenues appropriated to the bondholders.
   - Tobacco duties;
   - Custom-house duties;
   - Silver duties.
3. The fund arising from the cotton licences; its nature and extent.
4. The appointment of a permanent commissioner of the bondholders.
5. The establishment of agencies at the various out-ports of Mexico.

MY OWN EXPENSES AND REMUNERATION.

Although I am well aware that a variety of insinuations have been afloat as to the difficulties that I should find in satisfying my constituents, first in regard to the cotton licences, and secondly touching my expenses and remuneration, I have not chosen to enter with one here and another there, on these points, reserving for what appeared to me the more appropriate time for discussing my whole mission when I gave in my formal report, which, from the first, I have been anxious to present.

If it has been delayed beyond the point which some impatient spirits have considered to be bearable, I have in the first place considered that I had a more sober party to deal with, in addressing my constituents at large; and I have to allege, in the second, that having, by necessity, resided at a distance of 75 miles from London since I returned from Mexico, up to the other day, such time as I had in the city has been entirely absorbed by Mexican committee affairs, to my no small detriment in other directions. The report which I have now written will show that it was a thing not to be done in a day; and I have not considered myself called on to give either a garbled or hurried account of what it is of some importance, both to my constituents and to myself, should be stated in full and intelligible terms.

As regards my expenses, it must be clear that they cannot be arranged otherwise than by agreement with a person or persons representing the bondholders—in other words, between a committee and myself.

But before entering either with a committee or with the bondholders on the subject of my claims, whether in the shape of expenses, losses, payments in carrying out my negotiations, or remuneration for my services, I wish here, in order to avoid all cavil and personalities, to state, that in the event of the representatives of the bondholders who have to arrange these matters with me, and myself not coming to a mutually satisfactory agreement, I shall at any time be prepared to submit my said claims to the arbitration and decision of any gentleman named by the committee themselves, provided we be agreed (as no doubt we should be) as to the mercantile standing, character, and fitness for the matter, of the individual chosen by the committee. I say to the award, should it be requisite to call a third party in, thus named and thus qualified, I shall give my willing and unqualified assent. It has become imperative on me to make this precautionary statement, because I have been given to understand that covert statements have been made, in public, tending to my disparagement; and because, anxious as I have been to perform my duty well towards the bondholders, it is too clear I have not succeeded in pleasing all parties.

In reference to my expenses in Mexico, I must commence with those of the letters with the committee which have reference to this subject. Having from the commencement kept up a friendly correspondence with Mr. Powles, I made, through him, in the first place, my representations of the necessity of my being furnished with funds to meet my outlays. In answer to these, Mr. Powles wrote to me on the 9th of May in the following terms, and sending me the copy of the letter to which he alludes, and which I give in continuation.

London, 31st May, 1849.

MY DEAR SIR,

I wrote you by the last packet. At the last meeting of the committee, I brought under consideration the question of providing you with funds. The chairman was of opinion that the committee could not proceed further in so doing without calling a meeting of the bondholders and getting their assent thereto; and he proposed that we should at once call a meeting of the bondholders for that purpose. I opposed the calling a meeting of the bondholders until we should see the payment of the remainder of the dividend advertised. In these cases we all know the expediency of doing *whatever is to be done at the right time.* My opinion is, that immediately that we see the remainder of the dividend advertised, we should call a meeting, and propose a resolution, authorizing a deduction of sixpence in the pound from the dividend, which would pass, I believe, without a dissentient voice. This would place at our disposal about 6,000*l.*

There not being an agreement of views in the committee, the consideration of the matter was deferred.

I enclose you copy of a letter which has been signed in the Stock Exchange

other property belonging to the tobacco establishment, when it passed from the hands of individuals to that of the state. These bonds amounted at first to five millions of dollars, of which two millions are now in existence. "For the payment" says the Minister of Finance, "of this sum, it was agreed that 35,000 dollars monthly should be delivered by the tobacco administrations of Zacatecas, Jalisco, and Guanajuato; but this payment was suspended in the year 1845 in virtue of a law of Congress. The holders of the outstanding bonds, who are British subjects, appealed to their Government against the effect of this law, but were refused assistance till they had availed themselves of every legal means of obtaining justice within the republic. This forced them to the supreme court, where an order was obtained for the payment of the 35,000 dollars, together with 10,000 dollars more, monthly, on account of the intermediate suspension. This sentence obtained, the English legation has taken up the claim."

Fourth, and lastly:—To the foreign bondholders an assignment was made of 117,000 dollars monthly towards the payment of dividends.

Now, as it was clear that, under the contract at present existing, all these payments could not be made, a new adjustment, by mutual consent, was come to. A monthly payment of 16,000 dollars was awarded to Mr. Rubio and the tobacco growers, to be continued till the final absorption of their claims, amounting now, in all, to 800,000 dollars. A like monthly sum of 16,000 dollars was awarded to the holders of tobacco bonds, till their amount of 2,000,000 of dollars should be finally sunk; and lastly, the balance of the 20 per cent. belonging to the Government, whatever it might be *now*, and increased to hereafter, by the falling in of the other claims, was allotted to the foreign bondholders.

Messrs. Escandon and Mackintosh, being largely interested in the foreign debt of Mexico, were mainly led to enter on the tobacco contract, by a desire to improve the foreign bonds; and it is undeniable, that whatever may come to the bondholders from the source of which I now treat, will be entirely owing to the two gentlemen named, for no one but themselves would have undertaken the large, expensive, and hazardous business which they took in hand.

The contract, as far as the 20 per cent. belonging to the Government is concerned, came into play on the 1st of January, 1849. At the commencement, the business was burdened with some claims for repairs, salaries, and other items, which it was necessary to pay off from the Government's share of the profit; so that I understand the first year will only realize to the bondholders 100,000 dollars: but the country continuing in peace, it is calculated that the revenue will be 200,000 dollars this year, with a moderate annual increase.

At the end of three years, Mr. Rubio and the tobacco growers will be paid off; and then the foreign bondholders will enjoy a further revenue of 200,000 dollars annually.

Custom-house Duties.—With respect to this branch of revenue, I do not think I have more to say than that it appears to me the present arrangement at Vera Cruz and Tampico cannot be interfered with advantageously; but that I have long thought the 20 per cent. allowed to the bondholders ought to be extended to the custom-houses of Mexico on the Pacific.

The Silver Duties.—This source of income is so dependent on the present measures, which the Mexican committee are endeavouring to carry out for the prevention of the contraband shipment of silver from the west coast, that they need not, at present, occupy my attention. I used every exertion and influence I possessed in Mexico to have the export duties reduced to 3½ per cent.; the reduction was made law; and it appears to me that all parties ought now to unite in putting down the disreputable and universal system of smuggled shipments of silver being made on board Her Majesty's vessels of war. I believe that no part of the convention which I made would prove more satisfactory in the working, than that which provides for a total cession to the bondholders of the whole duties of circulation and export of silver throughout the Republic of Mexico. The dollars coined last year amounted to twenty millions, and 5½ per cent. circulation and export duty on them would amount to one million one hundred thousand dollars; whereas I do not believe the Government of Mexico at this time receives a third of this amount.

THE FUND ARISING FROM THE COTTON LICENCES, ITS NATURE AND EXTENT.—Nothing has surprised me more than the singular manner in which the general committee of Spanish American bondholders have treated this part of my operations in Mexico. They have insisted that my sale of the cotton licences superinduced a positive loss of so much money to the bondholders; they have maintained that my proceeding was unwarrantable, and that the transaction, accordingly, ought to be repudiated. A plain statement of the facts of the case, under such circumstances, becomes necessary, in order that the bondholders may decide whether I have acted with judgment or not.

Certain amounts of accumulated funds in the Mexican custom-houses, appropriated to the bondholders, for the payment of dividends, having been embargoed and spent by the Government, the dividends were left, to the same extent, unprovided for.

Now this happened before the conversion of 1846; and in point of fact the overdue dividends, having, by that act, all been provided for by the creation of new stock, there was no legal claim upon it for the replacement in any further shape of the funds abstracted from the custom-houses. This the actual Government knew, and consequently they knew that the cotton licences in question belonged to Mexico, and not to the bondholders.

However, in 1846, on the occasion of the conversion, as I have said, with the other appropriations, made for the payment of future dividends, this further *security* was given. The licences were for the free import of about a hundred thousand quintals of cotton, representing a total duty at 6¾ dollars of about 680,000 dollars.

This sum, then, was the property of Mexico, the same as the duties and other assignments made, and the proceeds, whatever they might ultimately turn out to be, whether one or seven hundred thousand dollars, were to be appropriated to the payment of dividends to come.

But there were many other licences for the introduction of cotton in the market, besides those which had been given to the bondholders, with this difference, that the others circulated in the market, and were sold at the best obtainable price, while those deposited with the bondholders, being the property of the State, could only be sold at their representative value, so that they became a dead letter, and absolutely worthless. The duty on cotton was by and bye reduced from 6¾ dollars per quintal to 4 dollars, which had the effect of raising the quantity importable by the bondholders from 100,000 to 160,000 quintals; but as other licences again were offered in the market much under the nominal duty, the licences in the hands of Messrs. Manning and Mackintosh continued not only inoperative, as they had done for three years, but they became less valuable from their increased quantity, being equal to nearly two years' consumption for the whole Republic. Again, under the floating licences in the market, much larger quantities of cotton than they represented were constantly smuggled in, so that the sale of our licences seemed to be a total impossibility. Add to these difficulties, that four dollars per quintal being found a very much higher duty than the article could sustain, a strong and increasing party, likely in the end to succeed, argued for a two dollar duty, which would have raised our quantity to the wholly unmanageable point of 340,000 quintals, and that, of course, without having any monopoly of the importation. To render the whole case desperate, the Congress could at any day abolish the duty altogether, which they were much inclined to do, in order to protect their home manufactures; and in that case our licences fairly became so much waste-paper.

Under all these considerations I began to see, at an early period of my mission, the necessity and policy of realizing, in money, whatever could be obtained for these cotton licences. I began to look at them in their true light, to wit, not as representing 680,000 dollars in cash, but as Mexican Government paper to that amount. It was so far from the best class of paper that it approached much more nearly to the very worst; and the best being worth, at the outside, 20 per cent., the cotton licences, in point of fact, seemed to be worth considerably less. It was clearly of no use to go and ask the Government to substitute some other security for these licences, because they could only have given me some other sort of paper, and because we had the claim for the overdue dividends to be

provided for in the first place, the *whole* amount of which I had not the slightest hope of obtaining, either in cash or in local securities.

Therefore I determined, upheld by the advice of Messrs. Manning and Mackintosh, to get quit of the licences if I possibly could, on the best terms which the market would afford.

While the matter remained in this position, my negotiations with the Minister for the Convention commenced; and the plan I adopted was, not to mention these licences at all during the course of our bargain; but when I had fairly obtained the very best terms which I could extract from the Executive, viz., the four millions and a half of the indemnity money and 3½ per cent. per annum, with additional appropriation of revenue, I insisted on the cotton licences being thrown in as a bonus, the bondholders selling them, without further interference, at whatever price they could obtain. After a great deal of difficulty, and with much perseverance on the part of Mr. Olarte and myself, we wrung from the Government this further concession.

To call the sale of these licences, then, for 250,000 dollars, a loss to the bondholders, appears to me to be wilfully ignorant of the real nature of the case. It could only come to be viewed as a loss had the Government agreed to pay the whole seven millions and a half of overdue dividends in cash, less 680,000 dollars paid in licences. In such case, the bondholders would readily have submitted to a loss of four or five hundred thousand dollars, which would have still left them seven million dollars to receive. But, in point of fact, we had finally agreed to accept of four millions of dollars as a *composition* for the total amount of the overdue dividends; and, therefore, whatever was obtained over and above that sum, either in cotton licences or in any other form, was a a *gain* and not a *loss* to the bondholders.

The only, and the real question, therefore, to be examined is:—Did I, or did I not, obtain the full value of the cotton licences by the sale which I effected? Did I make a good bargain, or did I sacrifice the interests of the bondholders?

There is a portion of the local Government paper of Mexico in circulation, in amount about twelve millions of dollars, to the payment of the interest on which 20 per cent. of the whole maritime duties of the state, both on the Atlantic and Pacific coasts, is appropriated; so that the holders of this paper are in the regular receipt of 6 per cent. per annum, and 6 per cent. more, in the hands of Commissioners appointed by the creditors themselves, is annually laid out in sinking the principal at par. Now this, the most favoured of all Mexican debts, was, when I sold the cotton licences, to be had at 20 *per cent.* to almost any extent one might wish to purchase. The cotton licences I sold at about thirty-five per cent.; so that, viewed as a Government security, I obtained nearly double the price which had ever been paid before for any other local paper.

I at first endeavoured to sell these licences piecemeal, and entered accordingly into negotiations with two or three parties to this effect. To one highly respectable individual, the owner of a cotton manufactory, I offered at last 20,000 quintals at 2 dollars, with long credits, and my offer was finally rejected. I was told that if I myself, as agent for the bondholders, would introduce the cotton as a speculation on their account, they would purchase the cotton from me; but they might as well have asked me to give them the licences as a present.

So I at last came to the conclusion, that, unless I could get Messrs. Manning and Mackintosh themselves to engage in a purchase in the whole of the licences, I should be likely to obtain in the end a very small consideration for the large representative value which we held.

Mr. Mackintosh showed himself anxious in this, as he had been in many other particulars, to assist in advancing the interests of the bondholders; and being persuaded that, with my own assistance, he would get Mr. Escandon, and some other proprietors of cotton-mills to take up the business, which, with their local influence, they could turn to account, although the bondholders were helpless, he entered into the question with me. We had, in talking of these licences, always considered, that if 200,000 to 250,000 dollars could be obtained for the licences, they would be well sold. I proposed to fix the latter sum, but, with a view of avoiding any injury or prejudice to Mr. Mackintosh, I did not give the sale any actual effect till I

usage in Mexico in such a business, the commission would be 5 per cent.; and supposing that no other benefit flows to the bondholders from my services, I should be inclined to make this, but not any further direct claim on the bondholders.

But laying aside this claim, I have here to state, that after the transfer of the sale of the cotton licences to Mr. Escandon's was, through my medium, completely concluded, that gentleman informed me that he, and the parties connected with him, were desirous to allow me a commission for my trouble in the business, although not to be paid till their speculation was wound up at the end of three years. The proposal was entirely voluntary on Mr. Escandon's part, and his chief reason for having secured me this advantage arose from his fear of my not deriving much remuneration, otherwise, for my arduous labours.

I did not think myself called on to refuse this offer emanating from very generous and friendly feelings on the part of Mr. Escandon. I hold, accordingly, Mr. Escandon's engagement to pay me hereafter 25,000 dollars; but I wish it distinctly to be understood, that when I come to a final settlement with the bondholders, I am perfectly willing that this sum shall be taken into account, if they so desire it, either to be added to the cotton licences sale, or to be deducted for my commissions. At the same time, it is a sum which has in no way affected the interests of the bondholders, for, without reference to it at all, Mr. Escandon considered that the prices paid by the purchasers of the licences was more than their value. The cession of so handsome a commission obtained by him for myself, he intended as strictly a proof of his own personal regard. Finally, it is to be kept in view that the transfer to Mr. Escandon was not effected till upwards of a month after I had definitely sold the licences to Messrs. Manning and Mackintosh, and therefore, as I have said, could by no possibility interfere with the interests of the bondholders.

I believe I have now explained everything which I had to say to the bondholders, with one exception, which I have left to the last.

It is this:—If they come to the determination to have a permanent commissioner in Mexico, who is to fill that situation?

Now, for the immediate purpose of concluding all matters in reference to the convention, I am ready to return to Mexico; considering, in fact, that my business is not already concluded there. In such case the bondholders would have merely to continue paying my expenses, to be afterwards considered in my final remuneration, should I procure the convention to be carried into effect. But I not only do not ask to be named permanent commissioner, I would not on any terms accept of the nomination; my wish would be to finish my own business, and being replaced by a party, permanently named, to return as soon as possible to England.

If on the other hand the bondholders determine to send some other party at once to Mexico, it would not be fair to ask me to be a sufferer from any ill success which might attend the mission of such other party, so far as regards the convention, or other stipulations with the Mexican Government for the payment of the overdue dividends.

And if such party did succeed in carrying the convention through the Congress, I do not think that I could be debarred from the remuneration which would have been due to me, exactly as if I had concluded the business myself, as I now offer to do.

At the general meeting to be held next week, I shall be ready to give every explanation which may be demanded of me, only requiring that my present exposition be perused in a fair and candid spirit.

William Parish Robertson.

London, 4th April, 1850.

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